

The Council at White Sulphur Springs

Outstanding Features of One of the Most Satisfactory Spring Meetings in the History of the Association. Progress in All of the Many Activities of the Association. President McAdams' Estimate of the Federal Reserve System. Educational Work and Cooperation with the Farmer

THE Spring Meeting of the Executive Council of the American Bankers Association held at White Sulphur Springs May 8-12 was an exceedingly satisfactory conference. In point of attendance it was the largest Executive Council meeting in the history of the Association. As a record of work accomplished during the last six months and of important work under way it was gratifying. As a clearing house of ideas it was a success. There was more than ordinary interest in the proceedings—in many things there was real inspiration. The Association is moving forward on all fronts. Progress is being made in the many constructive operations it has under way.

There were three addresses of outstanding interest, those of President Thomas B. McAdams, D. R. Forgan, president of the National City Bank of Chicago, and that of J. R. Howard, president of the American Farm Bureau Federation. In his discussion of the Federal reserve system President McAdams uttered a warning to the bankers when he said: "Unless we wish to return to the days of non-flexibility of currency and bond secured circulation, we should be careful to protect the fundamentals of the Federal reserve system, contributing of our intelligence and experience by constructive suggestions for its improvement rather than by careless criticism strengthen ill-conceived movements which if persisted in will seriously affect the administering of its affairs, if they do not succeed in destroying its usefulness. There is no clearer call upon the banker today than that of protecting the fundamental principles underlying our currency system."

Instead of criticising the Federal reserve system for our unwillingness to prepare for the inevitable, said President McAdams, we might, with greater propriety, thank God for a system which had enabled us to go through the most serious period of our national history without a panic!

Mr. Forgan in the course of an impressive address evoked applause when he asked, referring to the pro-

posal to cancel the Allied debt, "Can any of you tell us whether they will still owe us, or whether we will owe them ten years hence or twenty years hence? The whole thing might be reversed." He did not believe in the morality of debt cancellation, but would treat the Allies just the same as he would treat a good customer who found himself unable to pay.

No speaker in the convention was listened to with keener interest than was Mr. Howard in his unique, straightforward exposition of the needs of the farmer for intermediary credit.

Two conferences were of outstanding interest. The Educational Conference under the leadership of John H. Puelicher showed that the Educational Committee, whose mission is to extend knowledge of banking and economics to the schools, is doing a really magnificent work from which no one is destined to receive greater benefit than the banker himself.

In the Banker-Farmer Conference, under the direction of Joseph Hirsch, Chairman of the Agricultural Commission, it was seen that the banker and the farmer are in many places working in close harmony and under a plan of action which will clear away existing misunderstandings between these two interests and will add to the prosperity of both.

It was felt by many at the conclusion of this conference that there were at work forces which would operate for the material benefit of the nation. With a determined and aggressive plan for mutual understanding and cooperation both the farmers and the bankers should constantly add to the prosperity of the two classes and of all communities.

The dinner party on Thursday evening was presided over by President McAdams as toastmaster. There were two speakers, Judge Charles F. Moore and Dr. Alexander Irvine, both of New York. The former delighted the assemblage with his gentle humor; the latter with the vigor of his stories and word pictures.

Summary of the Council Meetings

PRESIDENT THOMAS B. McADAMS called the first session of the Council to order Wednesday morning, May 10, and read his report which was received with profound attention.

(Mr. McAdams' address is printed in full elsewhere in this issue of the JOURNAL. Other reports in full or in part referred to in this synopsis are as far as space permits given in the following pages.)

Fred. N. Shepherd in presenting his report as Executive Manager stated that "the finances of your Association are sound and the total expenditure well within the appropriations made." "During the worst year for banks in a generation," he continued, "and in the face of an increase of from 50 to 100 per cent in the dues of over 16,000 members, the lapse ratio expressed in dollars is only 4 per cent. This makes favorable comparison with the record of similar organizations whose loss during the same period with no increase in dues was from 10 to 20 per cent—and higher. This record gives the lie to the observation you sometimes hear that the bankers of America are not interested in the work of their Association."

"But don't overlook the fact that in bringing about this result there has been done a mountain of work by your Membership Committee under the leadership of its dynamic Chairman, Mr. Haas, to whose report you will listen with interest. In acknowledgment of the assistance of others, he writes me personally, 'We could have gotten nowhere without the very able service rendered by the members of the Executive Council, State Vice-Presidents, Officers and Members of Divisions and Sections, and last, but not least, the Association Headquarters in New York.' In this connection I express my own appreciation for the tactful, persistent and successful effort of Secretary Fitzwilson in the thousands of renewal cases that were settled by him and never reached the Membership Committee."

"While there has been some protest against the increase in dues, in my opinion, the small total lapse of 4 per cent. was brought about by the decreased earnings of banks during 1921 rather than the increase in membership dues. This opinion is given support by analysis which reveals the fact that our largest loss occurred in those states which suffered most from the almost perpendicular decline in the prices of farm products. The farmer will 'come back' and with him our membership."

"The devotion of President McAdams to the best interests of the American Bankers Association has been to me not only an example, but an inspiration. After three months' observation and contact, I doubt if he ever worked as hard for himself as he has for this organization."

"I sometimes wonder if the bankers of America realize the service they command without stint and without price in the officers and committeemen of this Association. If they did, I am sure, the Association would embrace not 22,000 but every eligible bank in the United States."

John G. Lonsdale, President, presented the report of the National Bank Division, and was followed by Fred. I. Kent, Chairman, with the report of the Commerce and Marine Commission—a report of unusual interest. A vote of thanks was tendered to Mr. Kent for his untiring efforts in behalf of commerce on this commission.

The President appointed the following Committee on Resolutions:

Richard S. Hawes (Chairman), Francis H. Sisson, Theo. G. Smith, Rudolph S. Hecht, Waldo Newcomer, Raymond R. Frazier, Oliver C. Fuller, A. E. Adams, J. B. McCarger, J. B. Ramsey, Andrew Smith, Robert B. Locke, John R. Washburn, E. H. Sensenich, Jos. C. Calhoun.

M. W. Fitz of Iowa was appointed a member of the Membership Committee, vice E. B. Wilson, resigned.

Then occurred one of the fine features

of the Spring Meeting—the address of J. R. Howard, president of the American Farm Bureau Federation.

At the conclusion of this admirable address President McAdams said in referring to the need for an intermediate credit, "Does it not place upon the American Bankers Association the responsibility for studying the question to see whether or not under its leadership the American banker rather than the American Government may create the correct machinery within its own ranks which will properly handle this situation." (Applause)

Francis H. Sisson, Chairman of the Public Relations Commission, reported the activities of that body, including in his presentation the report of the JOURNAL OF THE AMERICAN BANKERS ASSOCIATION.

Harry Haas, Chairman, gave a report of the Membership Committee, after which the Council adjourned until Thursday.

Second Session

At the opening members of the Council stood at attention while the President read the names of three members who had passed away during the year—E. L. Coen, vice-president Erie County Banking Company, Vermillion, Ohio; George S. Murphey, president First National Bank, Manhattan, Kansas; A. Barton Hepburn, chairman of the Advisory Board Chase National Bank, New York.

The following telegram which was sent to the President of the United States on Monday by President McAdams was read:

"The Administrative Committee of the American Bankers Association requests me to congratulate you heartily upon your courageous stand in providing for disabled soldiers and against putting upon the American people, under existing conditions, the great financial burden involved in a general distribution to soldiers. The House bill, especially, is manifestly unsound in putting the burden of financing the measure upon the banks, which policy, if carried out, will be particularly detrimental to the small institutions whose available funds are needed for agricultural development."

Letters or telegrams were also read from John S. Drum, Henry M. Robinson and Walker Hill of St. Louis expressing sorrow at their inability to attend.

Judge Thomas B. Paton, General Counsel of the Association, outlined the very many activities of the Legal Department.

The report for the American Institute of Banking presented by the President of the Institute, Robert B. Locke, showed that there are at present 112 chapters with a total membership of 50,600.

Mr. Locke acknowledged his gratitude to President McAdams, Vice-President Puelicher, Executive Manager Shepherd, Mr. Bowerman, Uncle George E. Allen, and Richard W. Hill for their work in behalf of the Institute.



The First Tee

R. R. Frazier, President of the Savings Bank Division, R. S. Hecht, President of the State Bank Division and John D. Phillips, Chairman of the Farm Finance Committee reported and the last named report was referred to the Resolutions Committee.

Andrew Smith, President of the State Secretaries Section in his address to the Council suggested that the Insurance Committee be instructed to investigate rates and report their findings back to the Executive Council, and it was so ordered.

Theodore G. Smith presented the report for J. A. House, President of the Trust Company Division.

John R. Washburn, President, presented the report for the Clearing House Section.

The report of Charles de B. Claiborne of the Committee of Five was read and referred to the Federal Legislative Committee.

At this point the Special Committee appointed to consider the President's address reported through Mr. Puelicher referring all of the President's recommendations to the Committee on Resolutions excepting that portion dealing with the recommendation to remove the Association headquarters to Washington. The latter recommendation the Committee advised to be considered by a Special Committee of Twenty-five to report at a future meeting of the Council.

President McAdams stated that the action of the committee met with his entire approval.

The report for the Economic Policy Commission was presented by M. A. Traylor and was referred to the Resolutions Committee.

An extensive report covering the work of the Committee on Federal Legislation was given by A. E. Adams as Chairman.

Francis H. Sisson, as Chairman of the Special Committee on Negotiations with the Postal Savings Authorities, told of the manner in which they have been handled with the result that the Stenerson Bill will probably not pass.

The Special Committee was continued with power to embrace negotiations with the Treasury Department in regard to its advertising campaign.

Oscar G. Foreman next presented the report of the Insurance Committee after which David R. Forgan, president of the National City Bank of Chicago, delivered the address of the day.

Third Session

Rev. Dr. Livermore offered an invocation. President McAdams specifically directed the attention of the Council to the fact that the Association now is handling all cases, coming under the jurisdiction of the Protective Department, regardless of the amount involved.



Bird's-eye View of Golf Club and Greenbrier Hotel from Catamount Trail

Elmer A. Onthank, in the absence of Mr. Sands, reported progress for the Special Committee on Taxation.

John H. Puelicher presented the report of the Finance Committee which was approved.

Joseph Hirsch, Chairman of the Agricultural Commission, reported at length for his commission. He said in conclusion "We are not trying to educate the farmers, we are not trying to teach the farmers how to farm. We are endeavoring to enlist the support of the bankers of the United States in an endeavor to better agricultural and rural life and financing that kind of agriculture which the national authorities tell us is sound and profitable, in which work we ask your continued support."

The report of the Committee on State Legislation was presented by Craig B. Hazlewood and the various recommendations of the committee were approved by the Council.

Ernest J. Perry, Chairman, presented the report of the Committee on State Taxation which was adopted.

Then followed the report of the Committee on Public Education by John H. Puelicher and the Council reported its full confidence in the spirit which animates this committee.

On motion of Mr. Hawes a resolution was adopted urging special attention to President McAdams' suggestion to establish more intimate contacts abroad through the perfection of a plan affording an opportunity for young men to obtain positions in responsible business houses in foreign countries.

Mr. Hirsch informed the Council that the Tennessee Bankers Association is raising a fund of \$25,000 as a memorial to Fred. Collins which is to be used as a revolving fund for young men and women who desire to attend the College of Agriculture of that state.

On motion of Mr. Hawes a resolution was adopted expressing the thanks of the Council to Dr. Walter Lichtenstein for the work he has done for the Economic Policy Commission.

J. A. Ormond invited the Council to hold its next meeting in Florida and Mr. Talbott expressed his thanks to the Council for holding their convention in West Virginia.

President McAdams in closing the final session of the Council expressed his sincere personal appreciation for the way in which the members of the various committees had worked, and for the many courtesies which had been extended to him.

Speaking in behalf of the annual convention to be held in New York, President McAdams said:

"The program is still in its initial state. I can only say that instead of the usual address of welcome the opening remarks will be in the nature of a keynote subject upon existing financial conditions by Mr. Thomas W. Lamont of the firm of J. P. Morgan and Company. So far there are only two other speakers definitely given a place upon the program. One, Dr. George Edgar Vincent, Chairman of the Rockefeller Foundation, needs no introduction. The acceptance of our invitation to the other speaker was received today, and I am sure that you will all join with me in congratulating the Association on that we shall have the privilege of hearing from perhaps the leading figure in European finance, the former Chancellor of the British Exchequer, the Hon. Sir Reginald McKenna of England.

"Good luck to you and God-speed and prosperous agricultural development during the next six months, so that when we come together again many of the problems which have been worrying us for the past two years may be definitely things of the past."

Aids to American Commerce

Commerce and Marine Commission Favors Legislation to Legalize Forms of Contract Under The Hague Rules Relating to Ocean Bills of Lading. German Subjects and Institutions Owe Our Banks 56,275,000 Gold Marks. The Plan for Recovery. Deduction of Foreign Balances in Ascertaining Reserves

THE functions of the Commerce and Marine Commission, as summarized by its chairman, Fred I. Kent, in his report to the Executive Council, are:

Cooperation with governmental agencies, such as the Department of State, the Department of Commerce and the United States Shipping Board, which have to do with trade and commerce, for the purpose of aiding and furthering them in all constructive undertakings. Cooperation with other organizations, such as the Chamber of Commerce of the United States, the International Chamber of Commerce, the National Foreign Trade Council, the American Acceptance Council, etc., interested in developing and aiding our trade and commerce. The development of ways and means to increase efficiency and turnover in production, manufacture, distribution, banking and credit, as they apply to trade and commerce.

Ocean Bills of Lading

"The Commission is of the belief," said Chairman Kent, "that The Hague Rules 1921, which constitute an important step toward making possible the working out of standard forms of ocean bills of lading, afford a substantial basis for progress not only in the way of remedying present chaotic conditions, but also in the development of a feasible and practical system of lasting benefit. In the opinion of the Commission appropriate legislation should be enacted by Congress as soon as possible legalizing forms of contract under The Hague Rules. These rules were framed by the Maritime Law Committee of the International Law Association and approved by that Association at its meeting at The Hague, September 3, 1921. It is felt that under them a greater degree of cooperation than has existed heretofore will be made possible on the part of ship owners, shippers, consignees, bankers and underwriters.

"Under the rules, (1) the limit of carriers' liability for loss or damage is increased from \$100 or less per package or unit to 100 pounds sterling, without any prorating of losses; (2) the time within which claims for loss or damage can be filed and suit brought is extended to one year, and (3) the burden of proof in cases of pilferage is shifted from the shipper to the carrier. These changes are of the greatest importance to shippers, cargo underwriters and bankers, and have been demanded for many years, but heretofore unsuccessfully."

Debts in Germany

The work of this Commission for the recovery of funds owed by German subjects and institutions to American banks has been outlined heretofore in the JOURNAL. As the Commission explained in its letter of inquiry to banks, the balances owed American banks must be considered in their entirety and in principle, for it would not be the Commission's function to take up individual balances as such.

"The response to the effort of the Commission has been most gratifying," continued Mr. Kent. "A large number of institutions, American firms as well as banks, in all parts of the United States, to such balances are owed, have given the Commission the necessary data, the total amount of indebtedness reported to date being approximately 56,275,000 gold marks. It is the Commission's plan, when all possible information has been acquired, to take up the matter with the State Department, and it is felt that the massing of claims in this manner will make an effective presentation of the situation possible which should work out to the advantage of the entire American banking community. The settlement of this vexing question will be of great value to all banking institutions whether or not they have pre-war balances in Germany, because of the importance to the foreign trade of the United States of having all friction between this country and Germany eliminated."

Deduction of Foreign Balances

"With the approval of the Administrative Committee, the Commission has adopted the following resolution:"

Whereas, The present method of figuring reserves of bank members of the Federal reserve system prohibits balances due American banks from foreign banks from being deducted from bank deposits with American banks in order to ascertain the total amount of deposits on which reserve is to be figured, with the result that the carrying of balances with foreign banks by American banks is made unnecessarily expensive, which additional cost must find its way into charges made exporters for handling their business, and

Whereas, Such deductions have been customary in American Banking and have never been attended with friction or danger to the banking or commercial community, but have always worked to the public advantage; therefore, be it

Resolved, That the Legislative Committee of the American Bankers Association be requested to use its best endeavors to further legislation aimed to clearly establish the authority of the Federal Reserve Board to allow member banks in figuring their reserve to deduct balances due them by foreign depositors from deposits held by them for account of other banks in calculating the total deposits upon which reserve should be maintained.

This matter is before Congress.

Reparations Commission

"With respect to the present and future work of the Commission, no subject of greater importance can be instanced than continuation of effort to emphasize the necessity, in the interests of the United States, of taking practical steps at the earliest possible moment toward constructive action in the fields of international finance and trade. The Commission has notified the Finance Department of the Chamber of Commerce of the United States that it approves the action of the Finance Department in recommending to the United States Government the advisability of American representation on the Reparations Commission, and has authorized such Finance Department that it may mention the foregoing approval, if desired, in its own report. The Commerce and Marine Commission passed this resolution because it believes the Reparations Commission has it within its power to take action which, if ill-advised, will be extremely detrimental to the foreign trade of the United States.

Commission Policies

The Commerce and Marine Commission placed itself on record as supporting the efforts of the Administrative Committee in opposing Treasury-raiding bonus legislation; and in opposing all attempts to give a political complexion to the Federal Reserve Board; as favoring the request that the Secretary of State be notified of negotiations for foreign loans before negotiations are closed; in support of efforts to bring about a wider adherence to the principle of the employment of arbitration in settling commercial disputes in foreign trade; and the Commission "supports the efforts of the Department of State to have American interests given proper recognition and treatment in any allocation of international cable communications."

The Commission has been in correspondence with vice-presidents of the American Bankers Association in South American countries, with the hope of being able to develop a plan under which an exchange of banking representatives may be undertaken for the purpose of bringing about a closer commercial understanding.

William A. Law, for seven years president of the First National Bank of Philadelphia, has been elected president of the Penn Mutual Life Insurance Company and on July 1 will assume office, succeeding George K. Johnson who has been associated with the company thirty-three years.

President's Review of the Work

By THOMAS B. McADAMS

Defends the Federal Reserve System Which Enabled Us to Go Through Serious Period Without a Panic. Functioning of A. B. A. Commissions. A Possible Aid to Foreign Trade Through Furnishing Suitable Men. Urges Removal of Headquarters to Washington as a Step Toward Increased Usefulness and Greater Service to the Nation

MY conception of the American Bankers Association is not so much an Association for bankers as an Association of bankers cooperating for the development of the country and the protection of the fundamental principles of our government.

The constructive work performed by my immediate predecessors, in recreating and revitalizing the organization of the American Bankers Association, was so comprehensive and effective as to relieve the present administration of any real necessity for considering changes in either our constitution or by-laws.

The challenge was rather one of making the machinery, as created, function as effectively as possible in the interest of our large membership and for the benefit of the nation at large. In order to bring this about, our energies have largely been devoted to carefully and intelligently mapping out the policies of the Association, that they might be at once sound and constructive; bringing the Association into a closer contact with its membership, scattered as it is throughout the country and comprising every class and size of banking institution, and effectively linking up our operative organization with the other forces in the nation laboring for the public good.

Contact With Members

Thousands of our members are unable to attend the annual convention of the Association and have no personal contact with the organization except to such extent as they may use the facilities placed at their disposal. Their interest in the Association, therefore, and their influence upon its policies can best be stimulated by keeping them informed as to just what the organization is trying to accomplish and familiarizing them with the various forms of service the Association is prepared to render the individual institution.

During the winter a booklet was compiled—attractively illustrated—for the purpose of advising the banks as to the many different ways the Association is prepared to assist with the daily problems of the individual institutions and, combining this with a continuation of the policy to have official representatives of the Association at the meetings of the various state associations should enable the membership to become fully informed of the desire to render direct service and of its ability to do so efficiently.

The policy has also been inaugurated of direct communications from the President to the membership upon subjects of national importance. So far two of

these messages have been sent out; the first upon the general subject of agricultural conditions and the desirability of sympathetic cooperation between the banker and farmer; the second advising the membership as to the Association's position on the question of a cash distribution to the veterans of the world war, as expressed by the resolutions of this Council and the Association itself.

Soldiers' Bonus

As to the first, it is gratifying to record there has been a material change in the whole agricultural situation during the past few months and both the banker and farmer have entered the planting season in a much more hopeful frame of mind than seemed possible at the beginning of the New Year, when every one was so depressed because of the failure of our fundamental crops to yield a fair return to the producer.

The second letter evoked much favorable comment from the press and business interests of the country. As was to be expected, however, it met with serious opposition from some members of the Legion and bankers and individuals scattered throughout the country. These protests, as a rule, were based upon the feeling that the men who served had lost an opportunity to make as much money as those who stayed at home and should be compensated for this financial loss.

If this argument be sound, no one has as yet suggested any plan by which this discrepancy could actually be adjusted or intimated the amount in dollars and cents which such a settlement would necessitate.

The letter also brought out the fact that the average soldier is under the impression the premiums paid for War Risk Insurance covered the cost of the operation of this department and the only liability in connection therewith was assumed and met by the soldiers themselves without any participation by the American public at large.

While it is true the soldiers were called upon and did pay a monthly premium for this purpose, yet this premium was a minimum one and did not take into account the unusual hazards of war, which portion of the liability was definitely assumed by the American people. The facts speak for themselves. The latest figures available show that the government has received \$400,000,000 in premiums and assumed definite liabilities under term policies for losses and otherwise aggregating \$1,300,000,000, resulting in a deficit of \$9,000,000,000, which has, therefore, become a direct, though cheer-

fully assumed, debt of the American people, to be met and paid by taxation.

This fact is mentioned simply for the purpose of showing the American people have not been altogether unappreciative of the service rendered by the armed forces of the country to their nation.

The letter referred to was written prior to the preparation of the bill which has since passed the House. This measure, in addition to the general features involved, is of direct interest to the bankers of the country in that it places upon the banks the burden of financing such cash advances as may be received by the individual soldier. While the banks are not obliged to discount a soldier's note, secured by his participation certificate, yet failure to do so will unquestionably subject the individual institution to a charge of being unwilling to cooperate with the government and the soldier. On the other hand, if these advances be made, many of them will have to be carried as past due for a period of three years, when the government agrees to reimburse the banks for advances made, under certain conditions imposed by the bill.

Financing the Bonus

The Comptroller of the Currency has, with propriety, sounded a warning against this method of financing, which, if generally acceded to by the banks will result in tying up hundreds of millions of dollars which will be needed, especially in the small communities, in the usual channels of trade.

The legislation is also particularly objectionable, in that it is another evidence of the power of an organized minority to influence legislation in this country which may be of selfish advantage to the particular group involved and which does not take into consideration its serious damage to the country as a whole. We cannot lightly consider increasing the debt of our people over five times the amount of the total indebtedness of the government prior to the war and Congress has no right to put the tremendous burden of from \$5,000,000,000 to \$6,000,000,000 upon our people, without at the same time making specific provisions for the retirement of the obligation. If this be a burden which should properly be assumed by the American people, then we should as loyal Americans meet the issue at this time and raise, through a definite form of taxation, sufficient sums of money to provide for the payment of the obligation within some reasonable time limit.

The trouble is, our representatives in Washington have been unable to find support for any measure which specifically places the burden of this donation upon the shoulders of the people at large. Every effort to distribute the tax broadly has met with determined opposition and so the bill in its present shape has been drafted and passed by the House under the assumption that later on some way will be found by which some indefinite group of citizens, not yet designated, will be called on to pay the bill. To provide for a general distribution of government funds without advising the individuals who will pay the bill of the character of obligation thus placed upon them may be good politics—it is certainly questionable economics.

If this be a debt of honor, then it is only fair that every man, woman and child in America should participate, and those who advocate it should insist that no man should be allowed to escape from paying his full proportion.

Administrative Committee

For many years past your Administrative Committee has been accustomed to meet at headquarters in New York, or some other convenient point, for the purpose of handling the routine business of the Association, but this fall it was deemed advisable to hold the winter meeting in Washington for the purpose of establishing a closer relationship with the Government of the United States and the various Departments in whose activities the Association naturally has a deep interest.

The President of the United States welcomed the suggestion of cooperation on the part of the bankers and assured the officers of the Association of his sincere appreciation of our willingness to exert our influence in behalf of such constructive policies as might be developed for the forwarding of the general interest of the American people. It seemed to him peculiarly appropriate that a great national organization of banks should be prepared to assist the national administration without regard to party or creed.

Our meeting in Washington was even more successful than had been anticipated. We were most cordially received by the President, Secretary of the Treasury, Secretary of Commerce, Comptroller of the Currency, Federal Reserve Board and other government officials. Points of personal contact were established with the Chairmen of the Banking Committees of the Senate and House, Commissioner of Education, Director of the Budget, Chairman of the Interstate Commerce Commission and War Finance Corporation, and many individual members of the Senate and House. Asking for nothing except an opportunity to be of assistance, our suggestion was everywhere received in the spirit in which it was made. Too often are we confronted with the thought that bankers are wholly selfish in their activities, and this has been largely the outgrowth of our failure to establish a continuous connection with our representatives in the government and only appearing there in behalf of legislation in which we are directly in-

terested or in opposition to bills we consider inimical to our interests.

Contact With Washington

Through this meeting in Washington we have established an entirely new method of approach, in so far as banking legislation is concerned. We have assured our friends in the Senate and the House that we do not desire to appear as protagonists or antagonists of specific policies, but that we do cherish the privilege of being brought in early contact with such legislation as may affect us or the people at large, so that such opinion as we may have formed through experience or investigation may be presented to the proper committees for their consideration in formulating their measures, so as to produce most effectively the result desired.

In the reports of your Legislative Committee and the activities of the Commissions you will be advised of some of the ways in which we have already been able to render this service; and upon leaving Washington, it was the unanimous conclusion of the members of your Administrative Committee that some plan should be devised through which the points of contact established through this meeting may be continuously kept alive.

To our friends, the Washington bankers, we return sincere thanks for the many courtesies shown us during our visit and for the cordial way in which we were received and entertained. To those of us who were fortunate enough to be present at the convention of the Association in Washington in 1920, it is needless to enlarge upon the inherent hospitality of these gentlemen.

In addition to our contact with official Washington, I desire to record our sincere appreciation for the cooperation which your officers have received from the officers of the Chamber of Commerce of the United States. President Defrees and other officials have been more than generous in placing the facilities of their organization at our disposal and have responded to our every request for information and assistance. Especially are we grateful for their having joined us in the protest against the proposed bill for the modification of the Postal Savings law, which, if passed, would put the government in active competition with the savings institutions of the country.

The Executive Manager

Shortly after the Convention at Los Angeles, Mr. Guy E. Bowerman tendered his resignation as Executive Manager of the Association. Mr. Bowerman, as many of you are aware, accepted this position two years ago at a great personal sacrifice to himself. A man of large personal interests, in accepting the invitation of President Hawes to become the executive officer of the Association, he was inspired solely by a desire to serve the bankers of America. In this ambition he admirably succeeded. During his two years of service in New York, his qualities of leadership, his quiet unobtrusive methods of getting results, his firm but non-irri-

tating suggestiveness inspired the men with whom he was brought in contact to greater efforts in behalf of the Association, reduced friction to a minimum and coordinated the working forces of the Association so as to increase materially its effectiveness and enable it to become a more potent factor in solving problems of every-day banking. If he appeared to have a fault as an Executive, it was because of his lack of self-consciousness, his unwillingness to put himself aggressively forward, his preferring that so long as work was well done, others should get credit for the results achieved.

Upon assuming the Presidency I had looked forward with sincere pleasure to my association with him, and, in his resignation, I felt keenly the loss sustained. He returns to his home in the great West with the assurance he has made for himself a place in the hearts of the officials and members of the Association which will not easily be eradicated.

Your Administrative Committee, as an evidence of its appreciation of his services, presented him with a proper token of the esteem in which he is held and which carried with it the hope that in the years to come both he and Mrs. Bowerman would be blessed with an abundance of prosperity and happiness.

His leaving placed upon your Administrative Committee the great responsibility of securing a worthy successor—a man who could successfully take up the executive work of the Association and increase its influence as a national organization. We assumed that our responsibility was to find the man, and having found him to secure him if it were possible to do so.

I am sure you will all agree with the wisdom of the selection of Mr. Fred N. Shepherd, a trained banker and for several years one of the most aggressive forces in the development of the Chamber of Commerce of the United States. A man with a strong, vibrant personality, a tireless worker, intelligent and forceful; a sound economic thinker with great natural ability as a speaker, I present him to you as the man who appealed to us as having the experience and that particular character of ability needed to carry forward aggressively the work of the Association. I have no hesitancy in predicting a full measure of success for the Association under Mr. Shepherd's leadership. Already he has in many ways proved the wisdom of our choice.

The divisions, sections, commissions and committees of the Association have been continuously active—both in the determination of policies and in their constructive efforts to accomplish definite results. Time forbids a detailed discussion of their many activities, which are worthy of careful analysis. Their reports, which will be presented later, record specific achievements and present many suggestions which are entitled to your careful consideration as the official representatives of American banking.

No step taken by the American Bankers Association in the past several years has been productive of more real good than the creation of the four Commissions of the Association. In these four groups of far-seeing bankers is largely

vested the authority for developing the policies which guide the thought and activities of this Association, and to these men, who have so unselfishly and intelligently labored that we might steer a course at once economically sound and nationally progressive, we acknowledge our great indebtedness.

The policy inaugurated by President Drum of preparing for American business an intelligent survey of existing conditions has been continued and is now a definite part of the work of the Economic Policy Commission. This survey will be presented to you by the Commission and will, I am sure, prove of great value to the bankers and business men of the country. It is distinctly encouraging and indicates that we have definitely passed through the period of depression and are now slowly, but none the less surely, upon the up-grade of development of American trade.

The Commerce and Marine Commission has not deemed it advisable to continue actively its cooperation in the matter of organizing a large Foreign Trade Financing Corporation. Because of the rather disastrous experience of some of our institutions dealing in foreign countries, the time has not been auspicious for raising the needed capital and it has seemed wise to defer this matter until conditions become more normal, that investors may be invited to participate in the organization of this great corporation under conditions less hazardous and when there will be less likelihood of losses being sustained because of abnormal fluctuations in the value of commodities and in the exchanges.

Aid to Foreign Trade

Incidentally, one of the great problems which faced the proposed organization was its ability to secure trained men who could intelligently develop the business of the corporation abroad. While it has long been recognized that the great development of English and German foreign trade has been coincident with the emigration of their well trained citizens to the various parts of the globe, the United States so far, except in connection with a few of our larger corporations and the recent development of branch banking, has made but little effort toward interesting our well trained young men in the possibilities offered by business careers abroad. It seems to me this affords the American Bankers Association a splendid opportunity for rendering a service of extreme importance in connection with the future growth of our international commerce. The suggestion, therefore, was made to the Commerce and Marine Commission, and it has recently been engaged in investigating the situation with the view of having the American Bankers Association act as an intermediary for strong corporations, especially those in South America, in securing bright and intelligent young American bankers and business men who would be interested in such a career. It is to be hoped the investigation of your commission will reveal the fact there are openings of this character in South America and that when the necessary

data has been secured, our Association may have the privilege of acting as intermediary between industry abroad and our ambitious young men of character and ability—so far as possible graduates of the American Institute of Banking who are interested in a banking or business career in other parts of the world.

If we shall be able to perfect this plan it will serve the double purpose of bringing increased opportunities to the American youth in banking and also prove a most potent factor in the future development of the international relations of our country.

Protective Department

The great increase in crime against banks during 1920 and 1921 put a serious burden upon our Protective Department and increased month by month the necessary expenses for so operating this department as properly to protect our institutions. The expenses, however, were increasing at a rate out of proportion to our total income, so that two years ago it was necessary to limit the operations of the department to cases involving \$200 or more. The banks of the Association showed a splendid spirit of cooperation in this emergency, and this amendment to our rules had the desired effect of holding the expenses of the department within the necessary limits. It was recognized this was but a temporary expedient and that so soon as possible the needed funds should be provided for aggressively and actively fighting crime against banks, regardless of the amount involved.

The big criminal is usually the natural development of the small operator and to prevent crime we must deal with it in its incipency. I am, therefore, glad to report that following the increase in revenue, made possible by our new schedule of dues, the Protective Department has done away with the limitation of \$200 and is now handling all proper cases reported to it regardless of the amount involved.

There is a growing feeling, however, that our protective work, to be effective, should be one of prevention as contrasted with detection, and, in order to prevent crime, the most effective means is through the education of the banker himself, that through contributory negligence he will not make it easy for frauds to be perpetrated.

The Protective Committee therefore concluded it is desirable—from the standpoint of both the banks and the Association—that the individual banks, if they, of their own volition dealt with strangers—either through the cashing of checks or the opening of accounts without proper investigation or introduction—should assume responsibility for such losses as might be incurred in this manner.

If the Association should handle cases of this character, it could with equal propriety investigate losses which are the outgrowth of bad loans resulting from lack of proper information as to the value of collateral or the strength of indorsements. This action on the part of your Protective Committee has already had a most beneficial effect and the fact that banks realize the responsibility

for such cases is entirely their own has resulted in many of them adopting rules of operation which are effectively protecting them against loss.

The Protective Department is operating today with less friction and with more effectiveness than for many years and is an agency in behalf of better banking, fully justifying its cost of operation.

The Committee on Education, under the inspiring leadership of your First Vice-President, has successfully inaugurated its campaign for the education of the children of the country in fundamental economics and finance. The success of this effort is primarily due to the organizing ability of the Committee, the inspiration of its chairman and the active cooperation which has been received from the State Bankers Associations and the American Institute of Banking.

The latter organization is an offspring of our Association, of which we have every reason to feel proud. Its influence is growing in every section of the country and its work of producing better men and well trained bankers is going forward steadily and successfully. The membership of the Institute is now past the fifty thousand mark and that this is not a membership in name only is evidenced by the increasing number of those graduating in both its elementary and advanced courses. I hope the day is not far distant when the Institute will be actively represented in every community in which there are as many as three banks and that effective means will also be devised by which the bank employee in the scattered country bank can be brought into closer touch with the Institute and its educational facilities.

Federal Reserve Board

During the past year there has been an increasing number of attacks upon the organization and operations of the Federal reserve system. To have this system become the football of politics and put the members of the Board in a position where their ability to perform their duties fearlessly will be hampered by conflicting political movements will jeopardize the whole financial stability of this country.

Recognizing, as we will, the mistakes which have been inevitable in the operation of this great piece of financial machinery, we must view with concern the efforts of unscrupulous politicians and demagogues to create a spirit of unrest in this country by attributing every class of loss and every failure of individual effort to the Federal reserve system and the manner in which its affairs have been administered.

In looking over its record, I am sure all of us can find policies or rules with which we may with propriety differ, but even so we must in fairness recognize that the Federal Reserve Board has been both patriotic in its realization of its responsibility and intelligent in the manner in which it has met the tremendous burdens placed upon the system, both during the war and the days immediately following the Armistice.

The influences which resulted in the dismemberment of both the First and Second United States banks are again at work in this country. Refusal to renew the charter of the Second United States bank resulted in this country's being without a proper financial system for over three-quarters of a century. Unless we wish to return to the days of non-flexibility of currency and bond secured circulation, we should be careful to protect the fundamentals of the Federal reserve system, contributing of our intelligence and experience by constructive suggestions for its improvement rather than by careless criticism strengthen ill-conceived movements which if persisted in will seriously affect the administering of its affairs, if they do not succeed in destroying its usefulness. There is no clearer call upon the banker today than that of protecting the fundamental principles underlying our currency system.

Warning Not Heeded

The heavy decline in commodity prices preceded rather than followed the curtailment of the total volume of credit extended by the Federal reserve system. Had the warning of the Federal Reserve Board issued in January, 1920, been heeded, many of the great losses which were incurred during the latter months of that year would have been avoided. The declines were despite, rather than because of, the Federal reserve system and were due to abnormal demands, speculation and extravagance rather than to any deficiency or inelasticity in our circulating medium. The demoralization in the silk markets of Japan, the nitrates of Chile and sugar of Cuba was equally as drastic and disastrous as was that involving our fundamental commodities. Surely, no one would go so far as to place the blame for these declines upon the shoulders of the Federal Reserve Board. The truth is, the American people looked for a serious decrease in business, immediately after the Armistice, just as they anticipated demoralization after the outbreak of the war in 1914. In 1914 they failed to take into consideration a world at war insured prosperity to American industry and American farming, and in 1919 and the first half of 1920 they took no cognizance of the unusual momentum business had gained and preferred to assume there was little likelihood a severe shake-up awaited them. The warning of the Federal Reserve Board, which read aright the signs of the time, was ignored, and shelves and warehouses were loaded up in anticipation of unusual trade throughout the fall. We did not realize our then activity was really the ending of the unusual business expansion during the war rather than the beginning of a new and greater era of prosperity. Instead of criticizing the Federal reserve system for our unwillingness to prepare for the inevitable though gradual curtailment of our activities, we can with greater propriety thank God we had a system which so effectively met the unusual demands of war and enabled us to go through the most serious period of our national history without a panic or a rumor of one.

A. B. A. a Representative Democracy

Following our last annual convention in Los Angeles there was a great deal of criticism; some of a disruptive nature—even going so far as to suggest the disorganization of the Association into separate units—but the major portion in good spirit and with a view of helping the Association to increase its effectiveness as a servant of the bank and the American public. Part of this criticism was based upon the premise that the membership did not actively participate in the deliberations of the Convention and the discussion of matters presented for its consideration.

It is so essential that when the American Bankers Association speaks it should be only after the most careful study of the various phases of the questions under consideration, that our Constitution has very wisely provided for the consideration of matters of importance by the Executive Council, Divisions, Sections, Commissions and Committees of the Association before action shall be taken by the Association as a whole. I am

pending, but in exercising his privilege to speak he must also recognize his responsibility to the Association, that nothing may be introduced into the proceedings of the convention which is not in accord with our best traditions and fundamental policies and which may be taken advantage of by such portions of the press as may be hostile to our sound finance, to misrepresent the real attitude of the banker on questions affecting the welfare of the people at large.

I should be glad to have you consider at this meeting the most effective means for affording our membership a broader opportunity to be heard upon questions coming properly before our Convention, if in your judgment there is a real need for such action. We are a democratic organization, but like all successful democracies, we are a representative one, and it is no evidence of failure on the part of our organization that our members have not seen fit to use their privileges of the floor for the purposes of controversy, but instead have indorsed the work of their representatives, when it has been of such a nature as to justify their approval.

One's first duty as President of the American Bankers Association is to endeavor to perfect such plans during his short tenure of office as will effectively carry on the work already started and also enable his successors to build for even greater and better things.

Bulwark in Defense of Ideals

I have full confidence in the future of the American Bankers Association. I see for it years of increasing influence. I see for it days of a broadening and more comprehensive service to the nation. The anomaly in our position is that unselfish service to the country answers fully our own selfish desires for increased prosperity for the bank. Our business is so closely identified with the interests of all the people that we only prosper as they prosper and gain nothing through the temporary enrichment of one class at the expense of the whole. The injury done others and the decrease of their effectiveness as a national unit inevitably react upon the particular class which may have temporarily benefited through discriminatory legislation or a class movement.

I want to see the American Bankers Association, representing as it does every class of our citizenship; indelibly linked, as it is, with every phase of our economic structure; the most potent factor in bringing together the various elements in our citizenship, unifying our diversified interests, fostering sound and constructive policies for the development of business and finance; while, at all times, it stands as a bulwark in defense of American ideals, a protector of the liberties of the American people.

In order to do this, we must not, as I said at the outset, act independently of other great interests in this country, working toward the same ends, but should so establish our points of contact as to eliminate conflict and create a spirit of cooperation which will insure the success of our policies when founded upon sound principles and in the interest of all the people.

Protect Your Business

"Unless bankers give careful consideration to the present situation confronting the Federal Reserve System, there is grave danger that we will again have our financial system so enmeshed in self-serving politics that we will go through the same experiences as in 1811 and 1836 when the first and second banks of the United States were legislated out of existence through the ignorance of the people of the United States as to the real facts."

—THOMAS B. McADAMS.

sure we will all admit the necessity for care in developing policies of great importance, that conclusions will be reached only after every phase of a question has been carefully analyzed and will then fairly represent the mature judgment of the American banker.

It is necessary, therefore, that the recommendations to the Association for action should come from the committees and commissions charged with the responsibility of dealing with the questions under consideration, but when so presented there is not—nor has there ever been any desire to prevent a discussion from the floor of those questions which may be presented through this media. It must be concluded that the fact we have not had more discussions is due to the work having been so well done by our commissions and committees, the Association felt it neither necessary nor wise to make radical changes in their recommendations.

I am sure I voice the judgment of this Council in stating that the Association welcomes any individual who desires to present his views upon any question

Location of Headquarters

(President McAdams' Address Continued)

Our experiences in Washington, as brief as they were, clearly indicate that we must devise some plan by which we may be continuously kept in touch with all the great national and international movements which are more and more concentrating in the nation's capital. Whether we desire it or not, our national government is becoming more and more an intensive factor in the development of American business and is daily exerting an increasing influence upon the life of every American citizen. The tendency toward paternalism may be halted, but even so, our government has in the immediate past assumed many functions which will never be surrendered.

If, therefore, we are to be well informed representatives of the American banker and intelligently act as intermediary between our representatives in Washington and the constituent members of our Association, is it not inevitable that we should ourselves be in a position where we can best render this service?

A few years ago a movement was started by your then Administrative Committee to move the headquarters of the Association from New York to Washington. At that time it met with strenuous opposition, the opponents urging such a move would make of our Association a political organization, which would be destructive of our relations with Congress and as representatives of the American banker. Since that time the situation has changed materially. Other great organizations, recognizing that their work could only be done effectively in close contact with the administrative and legislative branches of the government, have established permanent homes there and through personal acquaintances and friendships formed with men in all walks of public life are daily keeping in close touch with the development of such matters as they may be interested in and are rendering a great service to the nation in assisting both legislation and administration in their initial stages. The presence of these organizations in Washington has never been questioned. They do not go there for the specific purpose of advocating some bills or opposing others; they are there the year round; they form a part of the life of the national capital, and their assistance, their suggestions and their willingness to help are appreciated by all those interested in the upbuilding of this country.

On the other hand, if our Association be represented in Washington through a committee interested in a specific piece of legislation, our influence is immediately discounted by the assumption we never go to Washington except in advocacy or opposition to a pending measure or a possible ruling by a department or official. When we do appear we are accused of conducting a lobby in our own selfish interest.

The establishment of the Federal reserve system is an added reason why our headquarters should be in close touch with this basal element in our financial machinery. The War Finance Corporation and the Farm Loan Board are further parts of our financial structure with which we should keep in daily contact, to say nothing of the Treasury Department and the office of the Comptroller of the Currency.

If our Agricultural Commission could at all times keep intelligently informed as to the plans of the Secretary of Agriculture, we would be in a position to aid

him most effectively in bringing about improved agricultural conditions and added prosperity to the farmer.

The Department of Commerce is today being most effectively organized for the development of both internal and external commerce and affords a source of information which would be of inestimable benefit to every class of banker if the Association could act as intermediary between this department and our financial institutions.

We should intimately know the members of the Banking and Currency Committees of both houses—not that we may influence them unwisely but that we may establish such a relationship with them that they would always value our opinions and appreciate the spirit in which they are presented.

Incidentally, in New York we are badly handicapped for room in our headquarters necessary for our various departments to function efficiently, and this, too, despite the fact our rent and maintenance charges are very much heavier than ever before. We cannot increase our facilities without materially adding to our expenses, while, on the other hand, should we move to Washington we could with propriety appropriate a portion of our reserve funds for the purchase of a suitable and comfortable home, where all of our departments could be properly housed and cared for and where we should have much more satisfactory facilities without increasing our expenses. There is something fascinating about the thought of owning our own home.

In a few months my term of office will have expired and I shall leave the position with grateful appreciation for the many courtesies which have been shown me by the members of the Association and this Council. While my official responsibility for the advancement of its interests will then have ceased, there will continue a deep personal interest in its success; in its ability to properly measure up to its great possibilities for achievements of real value. While therefore the movement of the headquarters to Washington cannot affect me as an individual, I see so clearly the wonderful opportunities the suggested change offers for enlarging and increasing the influence of the Association, I would be derelict in my duty did I not urge you to give it your most careful and intelligent consideration.

I am sure you will agree with me that the only motive which should actuate this Council in this or any other question is its effect upon our Association's ability to aggressively and intelligently serve its members and broaden its field of influence in behalf of the public good.

With this thought in mind, I have after mature deliberation reached the conclusion that the movement of our headquarters to Washington is the greatest single contribution this Council will have the privilege of making to financial America. Strong arguments can doubtless be advanced in opposition—there are two sides to the question—but I am convinced that after a careful analysis you will reach the conclusion that those favorable to the proposed change effectively outweigh those on the negative side.

I bring this to you without action by your Administrative Committee, which at my request has refrained from officially expressing its views, that the Council may feel free to act without in any way being hampered by a definite recommendation of the committee.

(President's address continued on next page)

The Committee to consider the President's proposal to remove the headquarters to Washington is as follows: John H. Puelicher, Wisconsin, Chairman; Walter W. Head, Nebraska; R. E. Cone, South Dakota; J. A. Ormond, Florida; R. E. Talbott, West Virginia; Charles H. Ireland, Illinois; E. A. Onthank, Massachusetts; Craig B. Hazlewood, Illinois; F. F. Johnson, Idaho; Frank W. Blair, Michigan; A. E.

Adams, Ohio; M. A. Traylor, Illinois; Fred I. Kent, New York; Joseph Hirsch, Texas; Francis H. Sisson, New York; Chas. A. Hinsch, Ohio; Richard S. Hawes, Missouri; J. A. House, Ohio; Theo. G. Smith, New York; R. R. Frazier, Washington; S. H. Beach, New York; R. S. Hecht, Louisiana; H. A. McCauley, Oklahoma; John G. Lonsdale, Missouri; Waldo Newcomer, Maryland.

(President's Address—Concluded)

Following the recent decision of the Supreme Court of the United States, preventing states imposing a discriminatory tax against national banks in violation of Section 5219 of the Revised Statutes, a strenuous effort was made by the tax commissioners of the United States to have Congress so amend this section as to enable the states to put national banks in a special class for tax purposes. While this act is directly a protection to national banks, it is none the less of equal value to state institutions, as no state has discriminated, or would likely discriminate, against her own institutions in favor of national banks.

The movement to amend this law was so strong it was necessary for the Association to take active steps to protect the interest of the banks, and the question being of such vital importance it was deemed advisable to create a Special Committee for this purpose. Under the Chairmanship of Mr. Oliver J. Sands, of Richmond, a three days' hearing was conducted before the Banking & Currency Committee of the House, which was attended by bankers from all sections of the country. Your committee presented the banker's side of this controversy in a most intelligent manner and unquestionably impressed the Committee of the House with the fact that maintaining the fundamental principles of this Act was essential if the effectiveness of the National Bank System was not to be impaired. It was apparent if this protection were withdrawn many banks would give up their charters for the more liberal ones obtainable under state laws; and if no greater proportion of these banks, having taken state charters, voluntarily joined the Federal reserve system than has been true of the other state institutions of the country, the Federal reserve system itself might be seriously affected.

Far beyond this, however, is the question of justice. No banker objects to assuming his fair share of the tax burden, but he does resent being

called upon to pay more than is assessed against other business. The matter is still pending before the Banking and Currency Committee and is brought to your attention here that you may be advised of the seriousness of the situation which would arise should the act be amended to the detriment of the national bank system and the Federal reserve system.

Your committee recognizes the necessity for some amendment which will enable those states which prefer the taxation of income to a capital tax to tax the income of national banks on some basis but not at a greater rate than that imposed upon other business enterprises; but in making this change in fairness to the states, it is equally as essential the banks should be protected and the states not allowed to tax bank capital on any other basis than other moneyed capital coming in competition therewith.

The majestic city of New York, with all of its hallowed traditions as the center of financial America, has again opened her hospitable arms and the invi-

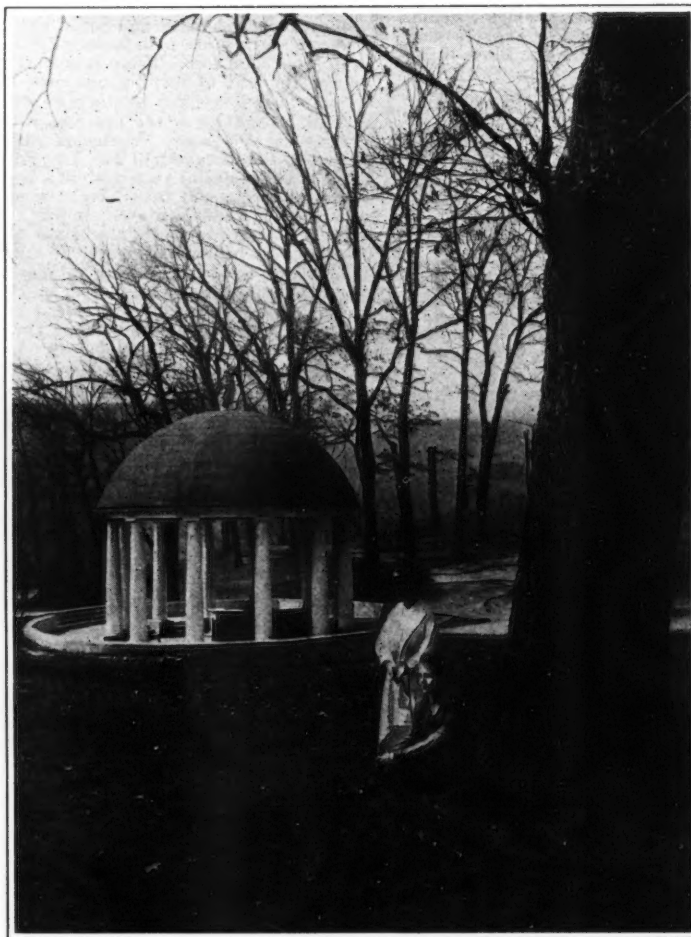
tation of her bankers that our Forty-eighth Annual Convention be held there has been accepted with enthusiasm by your Administrative Committee in behalf of our membership. Preparations for the entertainment and comfort of our delegates are already going ahead in a systematic and comprehensive way and one is justified in predicting the convention of this fall will be the most memorable and effective in the life of the Association.

By October, the situation abroad should have made even greater strides toward financial and commercial stability. We will then know to what extent in this country we have been agriculturally blessed and should then be able to analyze more clearly how strongly entrenched we are in the present movement toward better conditions and increased industrial activity. It should be possible to chart the probable course of business for 1923 and to send out a message to American business and finance which will at once be helpful and constructive in the

development of our commercial activities of the immediate future.

Four years after the signing of the Armistice, our Convention should mark the beginning of a new era in the financial progress of this country and it will do so if our membership, in its acceptance of the invitation of our New York friends, will, through attendance upon the sessions of the Convention and taking a personal active interest in its deliberations, do their part toward creating the success our hosts are straining every effort to insure.

We will have the largest Convention in the history of the Association. May it in every way be in harmony with the best of our traditions and at the same time add strength to our determination that, through the consecration to national service of the brain power, the experience, the initiative and the sympathetic interest of the individual banker, the American Bankers Association shall at all times and under all conditions be America's Best Asset.



The White Sulphur Spring

Committee of One Hundred

THE full Committee of One Hundred to arrange for the Annual Convention of the American Bankers Association in New York October 2-6 is as follows:

James S. Alexander, president National Bank of Commerce in N. Y.; C. A. Austin, president Seaboard National Bank; J. Howard Ardrey, vice-president National Bank of Commerce in N. Y.

Andrew D. Baird, president Williamsburg Savings Bank; George F. Baker, chairman First National Bank of N. Y.; Stephen Baker, president Bank of Manhattan Company; LeRoy W. Baldwin, president Empire Trust Company; Samuel G. Bayne, chairman Seaboard National Bank; Howard F. Beebe, president Investment Bankers Association; Walter M. Bennet, vice-president The Bank of America; Eli H. Bernheim, president Columbia Bank; C. A. Boody, president The Peoples Trust Company; E. C. Bridgman, president Staten Island Savings Bank; Louis V. Bright, president Lawyers Title & Trust Company; Mortimer N. Buckner, chairman The New York Trust Company.

S. S. Campbell, vice-president Mechanics & Metals Nat'l Bank; J. H. Case, deputy-governor Federal Reserve Bank of N. Y.; Orion H. Cheney, president Pacific Bank; Hubert Cillis, president Central Savings Bank; L. L. Clarke, president The American Exchange National Bank; Henry J. Cochran, vice-president Bankers Trust Company; Edwin W. Coggeshall, chairman Lawyers Title & Trust Company; W. P. Conway, vice-president Guaranty Trust Company of N. Y.; Seymour L. Cromwell, president New York Stock Exchange.

G. W. Davison, president Central Union Trust Company; Edward C. Delafeld, president The Bank of America; Richard Delafeld, president The National Park Bank of N. Y.; H. M. DeMott, president Mechanics Bank; Clarence S. Dunning, treasurer South Brooklyn Savings Institution.

J. D. Fairchild, president Kings County Trust Company; William Feick, president American Institute of Banking; George W. Felter, President Green Point Savings Bank; E. Hayward Ferry, vice-president Hanover National Bank; John W. Fraser, president Roosevelt Savings Bank; Walter E. Frew, president The Corn Exchange Bank; Charles Froeb, president Lincoln Savings Bank of Brooklyn.

Harvey D. Gibson, president New York Trust Company; G. E. Gregory, vice-president National City Bank; Herbert L. Griggs, president The Bank of New York, N. B. A.

Crowell Hadden, president Brooklyn Savings Bank; Jos. W. Harriman, president The Harriman National Bank; Theodore Hetzler, president Fifth Ave. Bank; F. L. Hine, Chairman, Executive Com. First National Bank of N. Y.; Herbert P. Howell, vice-president National Bank of Brooklyn; Joseph Huber, president The First National Bank of Brooklyn; Brian G. Hughes, president Dollar Savings Bank.

Pierre Jay, chairman Federal Reserve Bank of N. Y.; Percy H. Johnston, president Chemical National Bank; Raymond E. Jones, vice-president Bank of the Manhattan Company.

Louis G. Kaufman, president Chatham & Phenix National Bank; Clarence H. Kelsey, president Title Guarantee & Trust Company; Fred I. Kent, vice-president Bankers Trust Company; Willard V. King, president Columbia Trust Company; Alexander P. W. Kinnan, president Union Dime Savings Bank; William E. Knox, vice-president Bowery Savings Bank; Herman D. Kountze, president Atlantic National Bank; Alvin W. Krech, president The Equitable Trust Co. of N. Y.

E. P. Maynard, president Brooklyn Trust Company; Gates W. McGarrah, chairman Mechanics & Metals National Bank; John McHugh, president Mechanics & Metals National Bank; Samuel McRoberts, president Metropolitan Trust Company; Samuel H. Miller, vice-president Chase National Bank; Charles E. Mitchell, president National City Bank; J. P. Morgan, J. P. Morgan & Company.

William A. Nash, chairman The Corn Exchange Bank.

James H. Perkins, president The Farmers Loan & Trust Company; Lewis E. Pierson, chairman Irving National Bank; John W. Platten, president United States Mortgage & Trust Company; Ruel W. Poor, president The Garfield National Bank; William C. Potter, president Guaranty Trust Company of N. Y.; Henry H. Powell, president Importers & Traders National Bank; Seward Prosser, president Bankers Trust Company; John J. Pulleyn, president Emigrant Industrial Savings Bank; William E. Purdy, asst. vice-president Chase National Bank.

Jackson E. Reynolds, president First National Bank of N. Y.; Harold C. Richard, president The State Bank; E. A. Richards, president East New York Savings Bank; William J. Roome, president Excelsior Savings Bank.

Charles H. Sabin, chairman Guaranty Trust Company of N. Y.; Ernest K. Satterlee, president The Franklin Savings Bank; Henry Sayler, president Citizens Savings Bank, J. Louis Schaefer, president W. R. Grace & Co.'s Bank; Edward W. Sheldon, president United States Trust Co. of N. Y.; William A. Simonson, vice-president National City Bank; Samuel Sloan, vice-president The Farmers Loan & Trust Company; G. Foster Smith, president Nassau National Bank of Brooklyn; Sanger B. Steel, president Bond Club; John A. Stewart, chairman United States Trust Co. of N. Y.; Walter C. Stokes, president The Manhattan Savings Institution; Benjamin Strong, governor Federal Reserve Bank of N. Y.; Eric P. Swenson, chairman National City Bank.

Gilbert G. Thorne, vice-president The National Park Bank of N. Y.; Edward Townsend, chairman Importers & Traders National Bank; William E. Trotter, president Harlem Savings Bank.

Arthur S. Van Winkle, president Empire City Savings Bank.

Felix M. Warburg, Kuhn Loeb & Company; Harry E. Ward, president Irving National Bank; Albert H. Wiggin, president Chase National Bank; William Woodward, president Hanover National Bank.

The Officers of the Committee of One Hundred are: Seward Prosser, chairman. Executive Committee—Walter E. Frew, chairman; James S. Alexander, Stephen Baker, Mortimer N. Buckner, Henry J. Cochran, Harvey D. Gibson, Percy H. Johnston, Thomas W. Lamont, Gates W. McGarrah, Charles E. Mitchell, Mrs. Dwight W. Morrow, Lewis E. Pierson, William C. Potter, Jackson E. Reynolds, Albert H. Wiggin, William Woodward; Guy Emerson, executive manager.

The following chairmen have been designated: Entertainment Committee, Henry J. Cochran, Finance Committee, Gates W. McGarrah; Golf Committee, Mortimer N. Buckner; Hotel Committee, Harvey D. Gibson; Reception Committee, Thomas W. Lamont; Women's Reception Committee, Mrs. Dwight W. Morrow; Committee on Convention Information, Guy Emerson.

Inquiries regarding arrangements may be addressed to the Executive Manager, Room 1461, Equitable Building, 120 Broadway, New York City.

The Hotel Commodore has been selected as headquarters and ninety-two hotels have reserved rooms so that all delegates may be certain of being well taken care of. Reservations will be granted to those who first apply for them and applications may be made direct to any hotel.

Radios

Emory W. Clark, president of the First National Bank in Detroit recently broadcasted from the wireless station of a local newspaper an address on financial subjects. The Atlanta, Georgia, National Bank Club furnished a program which was broadcasted from a newspaper office and its president, Robert F. Maddox, delivered an address. The address of Francis H. Sisson, vice-president of the Guaranty Trust Company of New York, on "College Men in Business" at the annual banquet of the Chicago Alumni Association of the Beta Theta Pi was broadcasted by the Westinghouse Radio Station and was picked up at several colleges.

W. E. Guerin, manager of the Foreign Department of the Guardian Savings and Trust Company of Cleveland, has been elected a vice-president of the bank. Mr. Guerin has been head of the Foreign Department of the Guardian for two and one-half years.

Need of Intermediary Credit

By J. R. HOWARD

President of the American Farm Bureau Federation

IT seems to me that the whole country, the farmers, the bankers and our legislative bodies, are more concerned about loaning money to the farmer and loaning more money to the farmer than they are about the real, fundamental welfare of the farmer; because a farmer or anybody else can be loaned more money than is good for him; and I wonder if all of us do not need to consider whether the farmer needs a larger volume of credit in normal times or whether he needs a different term of credit and possibly a cheaper rate of interest.

The farmer has but one turnover a year. He cannot stop his factory for six months or three months or a week and then resume. The farmer certainly is entitled to a credit for marketing, as much as he is entitled to a credit for production.

(Mr. Howard told of the financial and credit difficulties of installing an electric plant on his farm, and said it increased the production of the farm.)

Because of this plant we raised a bigger crop than we otherwise could have raised. It saved the strength of the wife. It was a necessity to us; whereas in the town it is merely a luxury, for the town woman or the town home does not need such conveniences as that one-fourth as much as the country home needs them.

The city man, if he wanted an electric plant, would have called an election and either granted a franchise or they would have issued municipal bonds at 4 per cent. interest, tax exempt, possibly amortized over twenty or thirty years. I had to renew four times at a high rate of interest.

The country home, however, is the heart of this nation, and we have got to build it up, and we have got to put modern conveniences on the farms of this country if we are going to continue to be a prosperous nation; and the farmer must have the credit which will enable him to get those things. It is not only those things. He needs better dairy barns, better equipment, better herds of live stock, better drainage, better silos, and numerous other things which will pay for themselves and pay increased returns within one, two or three years. These are the things for which the farmer particularly needs an intermediary credit. He also needs it for his market.

The Texas farmers are demanding not only the privilege but the right of carrying their cotton to the processor or the ultimate market through their cooperative organizations. They required credit to do that. They applied to the local banker for that credit and could not get it. The local banks were more or less tied up with the cotton speculators. It does not take a dollar more to finance a crop through cooperative organizations than it does through speculative organizations. It probably does not take as much credit.

But there was no credit for those cotton men. What did they do? They went to the War Finance Corporation and were granted a credit of \$22,000,000. They did not draw that \$22,000,000. I do not think they drew \$2,000,000 of it, because the Texas bankers, as soon as they found out that those farmers had the credit, came forward with their own credit and financed them themselves.

Eighty years ago Denmark was a land of peasantry. A school teacher, who afterwards became a bishop, taught his boys the first principles of cooperation. Today not only are the farmers' products sold cooperatively, but homes and villages are built cooperatively in that country. Today 80 per cent. of the land in Denmark is owned by the farmer himself, with less tenantry than in any other nation on earth. The distributive costs, the costs between the farmer and the ultimate consumer in this country are about in the ratio of 37 to 63, according to Chairman Anderson's Congressional Committee. In Denmark it is about 73 to 27; the producer getting about 73 cents of the consumer's dollar. Cooperation is in its infancy in this country.

Cooperative selling is merchandising. Farming is producing. We must do our business as business men, on business principles, do it with unselfish motives, with the good of the whole country at heart, and we shall succeed; otherwise we will fail, and we ought to fail.

I am not in favor, if it can be avoided, of creating any more institutions or commissions. We are overinstitutionalized and overcommissioned in this country now. I would be personally glad if some arrangement could be worked out cooperatively between your great organization and the farming organizations of this country whereby the needed credit might be so arranged as to be satisfactory to us all.

You bankers are tremendously interested in European affairs. The manufacturers are tremendously interested in European affairs. The European situation is of more vital importance to the farmer of this country than all other classes of our citizenry combined.

We have builded our nation and our institutions through the surplus production of our American farms. We have paid our balances of trade and our dividends and coupons due to European countries all these years out of the top six inches of the soil of America. We will continue to build our cities and our financial institutions in the future from that same top six inches of soil. It so happens that the price which that surplus agricultural production brings on the world's market has always determined also our domestic market; and if we continue to prosper as a nation we have got to continue to have an outlet for our agricultural surplus. I am not in favor for one minute of giving any consideration to

a system of agriculture or a system of American finance which will create a system whereby we do not produce the surplus. We are only safe as a nation through the production of our own food supplies and our own clothing supplies. Our whole welfare depends upon it, and you know we can not regulate wind, rain and weather conditions so that we can produce just enough for our needs. We are not safe unless we have a surplus. The farmer who says, "Let us limit production," does not know what he is talking about.

Where is our market for that surplus? We have just one market, and only one. That is Europe. Every other country competes with us in the European market. The manufacturer competes in his product with the European manufacturer. He can go into South America or Australasia or somewhere else and build up a new market. The American farmer competes in South America and Australasia, but he cannot build a market there for that surplus under any condition. The fact is that we are going to have more competition from those countries than we ever had before.

So the farmer's customer is the manufacturer and the industrial man's competitor; and that is the reason why the American farmer has a great stake in European conditions.

The surplus population of Europe, barred out of this country by immigration—and I am not criticising them at all—is going to the farms of western Canada, to Australia, South Africa and South America, there to produce a greater agricultural output to meet ours in the European market. Here again the European situation becomes acute from the standpoint of the American farmer. Our foreign prices, particularly our wheat prices, have reflected closely the rates of foreign exchange, and the demands of the Allies for reparations on Germany have also been reflected in the Chicago wheat pit.

The farmer is the nation's greatest user of coal; not directly, but indirectly. He transports his products on the railroads to the markets and makes his purchases from those who sell that which he uses on his own farm. I hope that, regardless of the outcome of the present strike, it will not be terminated until the labor issue as between the open shop and the closed shop is definitely settled.

It takes more brains to run a mid-west farm successfully today than it takes to run a bank. I have tried them both, and I know. The farmer has to use an applied knowledge of business, chemistry, mechanics, electricity, physiology and botany, and he has got to be fairly expert in them all. So that we are not an ignorant or a bolshevistic class of people. The organization which I head is largely an educational one, promoting a better farm life, better production and more economical distribution.

Declaration of Principles

PLACING recognition of broad considerations of public welfare, which is touched at many points by the practical business of banking, as the foremost duty of the nation's bankers, the Executive Council of the American Bankers Association at its Spring Meeting at White Sulphur Springs, West Virginia, affirms its adherence to the following declarations as embodying principles that will make for the progress, prosperity and happiness of the American people:

Paternalism

WE reaffirm our frequently iterated and absolutely unshakable opposition to every form of bureaucracy, paternalism and class-recognition, and we protest against every act and suggestion which bears the imprint of any one of these fallacies.

Reparations

WE reiterate the opinion expressed a year ago that the United States should send an official representative to the Reparations Commission to take part with the Allied governments in the all-important question of reparations and other problems growing out of the war. The welfare of agricultural, industrial and commercial interests of the country, and thereby of the whole people, demands that the United States compete vigorously in the markets of the world. This country, therefore, is inseparably concerned in the international economic situation produced by reparation payments. America has a vital and direct interest in the speedy and practical settlement of this problem so that the commerce, industry and finance of Europe may be reestablished upon a firm basis. Only then will a safe foundation for credit exist to make possible a resumption of international business relationships throughout the world. Without this, we cannot hope to find normal markets for our surplus products, and we, therefore, believe it is vital to our national welfare that we have a part and lend our efforts in working out solutions of this problem. As the world's creditor today in the sum of over fifteen billions of dollars, we are inextricably concerned in the affairs of European nations, whether we will or not, and cannot, in protection to our own interests, sit idly by without lending a hand to the solution of the problems in which our own welfare is so intimately involved.

Free Zones

WE urge upon Congress the adoption of legislation establishing free zones at the principal harbors of the country as unanimously approved by the Senate Committee on Commerce. Ample experience in other nations has demonstrated the benefit this system would confer upon our industrial interests and upon the export trade of the country, whose new international position accentuates the need of this action.

Canada

WE declare our faith in the value of a closer community of interest between the United States and our great neighbor, Canada. These two countries constitute the greatest geographical union of English-speaking people in the world. There is a natural unity of purpose, unity of political ideals and unity of business interests between the two peoples that should be emphasized rather than obscured by the border line between them. We bespeak from American business, American banking and the American public the continued development of friendly relations between the two nations.

Agriculture

RECOGNIZING agriculture as a basic industry of the nation and that full prosperity cannot be restored until the farming class becomes prosperous, and knowing that the farmer suffered greatly from the world depression, we hereby pledge ourselves to favor any economically sound measure that may be devised to finance the needs of the farmer for the promotion of the orderly marketing of farm products. The Council reiterates its firm belief that the Government should not enter into competition with private business interests and should refrain from enacting class legislation; but, realizing that an emergency did exist in the agricultural and livestock industries which was met by the extension of the War Finance Corporation, which at present has large loans outstanding, we favor the temporary continuance of said War Finance Corporation.

Federal Reserve Act

THE Association, having already registered its strong approval of the Federal Reserve System, desires now to record its endorsement of the administration of the same by the Federal Reserve Board and to protest against any unnecessary change therein. The provision in the present Federal Reserve act that "two members shall be experienced in banking or finance" is essential for the reason that the nature of the duties of the board is such that trained banking knowledge on the part of some of its members is necessary for its proper functioning. We believe that the provision that in the selection of the other members "due regard shall be paid to a fair representation of the commercial, industrial and geographical divisions" is sufficiently broad to provide for all other angles of view on its problems and we, therefore, urge that no sectional, partisan or personal considerations be permitted to have weight and that no changes be made in the number of members of the board as now constituted.

National Bank Charters

A NUMBER of national banks are nearing the end of the last renewal of their charters possible under existing

law. The question of the period of the next extension, therefore, presses for prompt determination. Numerous national banks have been granted the right to do a trust business and others will secure that right. Many trusts cannot be placed with them if their charters may expire by limitation before the expiration of the trust. Therefore, we recommend the granting of charters to national banks for an unlimited period, subject only to revocation by the Government for cause.

Labor

WE recognize the fundamental importance of a just and fair settlement of the so-called labor question in order that our railroads, miners and manufacturers can function properly and perform their full duty to the public. We believe in the right of laboring men to unionize for mutual protection and the advancement of their interests and for the securing of justice and right, but we affirm that, in doing so, they must not, by arbitrary rules, limit production nor can they be permitted to interfere with the rights of the non-union man nor of the employer.

We, therefore, declare ourselves to be unqualifiedly in favor of the principle of the American plan and we hope that, in the present coal strike, the paramount rights of the public will be recognized and that no compromise or settlement will be made which does not establish the right of a man to work for whom he pleases and of the employer to employ whom he pleases.

Railroads

PREREQUISITE to providing proper transportation facilities for the American people at lower costs is the preservation of railroad credit so that the roads can be expanded and developed to meet the constantly growing needs of agriculture, industry and commerce. This is a fundamental principle that must never be allowed to be obscured.

We believe that the Esch-Cummings Act embodies a fundamental solution of the railroad situation that is eminently just both to the railroads and to the public. It should be given a full and fair trial in actual operation so that practical experience can test its effectiveness or indicate advisable modifications. We believe that suggestions for changes in it at this time are unwise and that such changes would constitute premature tampering with potentially valuable legislation.

Bonus

WE reaffirm the resolution adopted at the Los Angeles Convention to the effect that we are opposed to the Soldiers' Bonus Bill which would provide for compensation without regard to disability. For our soldiers who are disabled as a result of the war we urge fullest compensation and care on the part of the Government, regardless of expense.

Blue Sky Law

WE approve the principles of H. R. 10598, commonly called the Denison Bill, which was passed by the House of Representatives April 28, 1922, and is now pending before the Committee of Interstate Commerce of the Senate. It is our belief that the bill in its present form will provide a practical and immediately effective means for utilizing the security commissions of the several states for the purpose of suppressing fraudulent securities and practices in the sale of securities in Interstate Commerce, and that the exemptions now provided in the bill will cause this purpose to be accomplished with a minimum of interference with financing through the issuance and sale of legitimate securities.

Tax Exemptions

BELIEVING that tax exemption is an unmitigated evil that inevitably must lead to disturbance, confusion, and injustice, we again record our unqualified disapproval of each and every such exemption, and again assert our approval of the proposed constitutional amendment which is aimed to do away with such exemptions for the future.

Education

INASMUCH as after a year the plan of the Committee on Public Education is recognized by educators as well as bankers throughout the country, as a most important work in bringing fundamental economic knowledge to the children, as well as the adult population of the United States, and in helping to create an intelligent public opinion with regard to economic and financial matters, we desire to commend the past efforts of the members of this committee and of the many educators and bankers who have aided in the work. We reaffirm our belief in the efficacy of the plan and the need for its intelligent and energetic continuance.

We earnestly urge the cooperation of all those who have thus far not joined in this work of public education.

American Institute of Banking

THE American Institute of Banking Section continues to function with satisfaction and efficiency. Its growth in membership has been phenomenal. Its educational work is on a high plane. It has answered the call of the Association in its campaign of public education by giving unselfish service. It has already done much to train and improve the banking personnel. It can do much more in this direction with the active support and cooperation of senior bank officers. We strongly urge that this support be given in unstinted measure.

President McAdams

THE Council hereby expresses its admiration and endorsement of the masterly, broad-visioned report to it of the President of the American Bankers

Association, Thomas B. McAdams. Its vibrant public spirit, its depth of understanding of the great public problems of the day signalize the fact that we have a splendid citizen-banker as our leader, and we hereby pledge to him our continued support. We feel that his pronouncements on public questions command our unqualified approval, while his fruitful suggestions for developments within this organization demand our best thought and consideration.

Speakers

WE are conscious of the deep obligation we owe to those who have addressed the various sessions of this meeting. To J. R. Howard, President of the American Farm Bureau Federation, we are obligated for a message on the farm situation that will be of significant value in understanding what we as bankers fully realize is a problem to which it is our duty to give the greatest consideration. To David R. Forgan we are also indebted for the emphasis he placed on the need of closer unity between the United States and Canada. For the added success and enjoyment of the family dinner, we are also deeply appreciative of the addresses of Judge Charles F. Moore, and Dr. Alexander Irvine.

In Memoriam

THE Council of the American Bankers Association records with deep and affectionate regret the deaths of E. L. Coen, George S. Murphey and A. Barton Hepburn. They gave themselves earnestly to the work of this Association and to the welfare of American banking.

Mr. Coen was vice-president of the Erie County Banking Company and a

member of the Executive Council of this Association.

Mr. Murphey was president of the First National Bank of Manhattan, Kansas, and also a member of this Council.

A. Barton Hepburn, Chairman of the Advisory Board of the Chase National Bank of New York, former Chairman of the Currency Commission of the Association, and for several terms a member of this Council, was one of the most eminent bankers of the nation. His contribution to financial thinking, his steadfast adherence to sound principles, his broad vision of public welfare made his death not only a loss to banking but to the nation as well.

The companionship and the true services of these our former associates in the work of the American Bankers Association can be replaced only if their high spirit of devotion to the activities of the organization animates us to carry on in an endeavor to develop the work as creditably as they would do were they still with us.

We particularly express our sympathy to those who were bereaved in a more personal way by their deaths—to their associates in their daily business lives and to the members of their families.

Richard S. Hawes, *Chairman*
Francis H. Sisson
Theodore G. Smith
Rudolph S. Hecht
Waldo Newcomer
Raymond R. Frazier
Oliver C. Fuller
A. E. Adams
J. B. McCarger
J. B. Ramsey
Andrew Smith
Robert B. Locke
John R. Washburn
E. H. Sensenich
Joseph S. Calhoun

The Two-Dollar Note

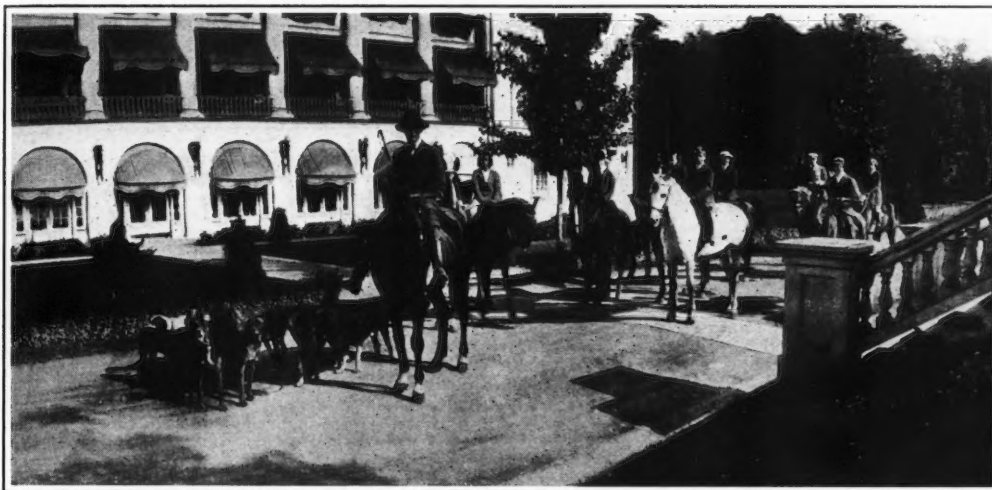
"I think a two-dollar bill is one of the most complete nuisances we have to contend with," writes a banker. "About half of the time when you pay one across the counter it is handed back, as customers seem not to want them. A cash drawer has no compartment to carry these notes, with the result that they are carried with the ones and doubtless often cause loss. If it were put to a vote of the bankers the majority would say as I do that the two-dollar bill is not needed. How would it do to ask the bankers what they think of having the government discontinue making them?"

The Treasury Department tries to have available for immediate shipment bills of such denominations as it knows will be requested, and two-dollar bills are printed only because banks ask for them. Banks making up pay rolls ask specifically for two-dollar notes because they can handle one note in less time than they can handle two one-dollar bills.

The Federal Reserve notes are being retired and no more of the National Bank notes of the two-dollar denomination are being issued. Those of the latter still out perhaps are not in circulation. Most of them are held as souvenirs or have been lost or destroyed. The number of two-dollar certificates may increase because silver dollars are being coined again and there is a demand for silver certificates in denominations less than ten dollars.

Treasury officials have at times discussed the annoyance of the two-dollar note, though not recently, but if the annoyance is to be avoided banks themselves will have to take the initiative and refrain from requesting that denomination.

On February 28, 1922, the two-dollar notes amounted to \$79,000,000, issued as follows: United States notes, \$44,000,000; Treasury notes, 1890, \$194,000; Federal Reserve Bank notes, \$25,600,000; National Bank notes, \$163,000; Silver certificates, \$8,000,000.



The Chase, White Sulphur Springs

For a Greater Democracy

By JOHN H. PUELICHER

Report of the Committee on Public Education

AFTER your Committee on Public Education had outlined its plan and concluded what it thought it ought to do, it next concerned itself with learning whether the educator would see the plan as it was seen by the members of the Committee. The plan, as you will remember, was to encourage the banker nearest every school in America to deliver one lecture a month for ten school months to the children in the seventh and eighth grades in the common school, in high school, and in the college and university. The ills of the world today are economic ills, and the banker is at the heart of the world's economic situation. For this reason the Committee thought that the banker was truly the teacher of those fundamental economics on which the stability of our present day civilization rests.

The Committee was pleased, after a conference with Secretary Crabtree of the National Educational Association, with the support promised it from this national representative of the teachers, and later was delightful to get from J. J. Tigert, the present Commissioner of Education of the United States, a similar promise of support. It was not a promise of the support that we wanted so much; we wanted to know whether what we were proposing to do was regarded as practical by the teacher, whether it was regarded as something that was needed. We did not want to go before the schools simply because as bankers we had sufficient influence to get into the schools. We wanted to do a job that was needed.

Immediately after the organization of the work the secretary of the committee wrote to the State Superintendent of Public Instruction in every state of the United States, and the heartiness with which the suggestion of this work was received was gratifying. Practically every educator said that a combination between the banker and the teacher was what America needed today,—the teacher, the leader in the theoretical field, and the banker, the leader in the economic field.

I want next to make the acknowledgment of the Committee to the American Institute of Banking, that body of carefully trained young men which is doing for our profession more than most of us realize. With their classes in public speaking they are developing that one faculty which the American banker has so much neglected. Would we be standing on the threshold of legislative halls begging for legislation had we taken that part in public life which our duty to the public demands? No one will deny the influence of the banker with his own clientele within his own four walls; but where are the outstanding bankers in Congress when so much of their service is needed to shape legislation that will cure our economic ills? The banker stands timidly with hat in hand on the threshold, begging, when he should be the one giving advice, shaping the policy, determining what should be done economically for America.

Approximately fifteen hundred speakers have been at work in California and one hundred and thirty thousand school pupils have been addressed monthly. They

are most enthusiastic where they have been doing most of the work.

In Pennsylvania a series of bulletins has been prepared, setting forth pithy paragraphs calculated to impress on the minds of those who read simple banking truths. These bulletins are being hung in the lobbies of banking houses.

More than three thousand institute men have been giving service during the year as speakers. We are more convinced of the need of this work today than we were when we began it. We are more satisfied with the benefits that will result from this work than we were when we began it. We want the support of the members of this Council as members of the Council, but we want your support at home in your states, in your communities, that this work may be intelligently carried forward. We want you to realize some of the pleasures of the work.

America is a great democracy. It will become a greater democracy as all of the people of America learn to understand something of its economic life, something of its institutions, something of the men who are endeavoring to direct that life properly and carefully; and the banker must share in that leadership, because, he is living at the heart of that economic life.

My Committee bespeaks for this work your active, intelligent cooperation. Gentlemen, to live is to serve. Life and service are identical. America needs from the American Bankers Association, with the world's economic ills, the service of the American banker. Gentlemen, let us serve!

Our Relations With Canada

By D. R. FORGAN

President of the National City Bank of Chicago

RECOVERY has distinctly set in from the aftermath of the war. We are, however, still going through, perhaps, the most trying year for banks that any now living have ever experienced.

So long as your troubles and mine are due to natural causes we can face the world without any embarrassment. The only thing that would ever embarrass me in facing anyone about the condition of the bank that I preside over would be that its troubles were in any way due to my own personal affairs. Keep your own hands clean from the bank's affairs and you have nothing to worry about.

While it is true that recovery is coming along nicely and financially it is complete, industrially it is not yet complete. You can have prosperity on a low basis of prices and wages or on a high basis of prices and wages, but you cannot have full prosperity on a mixed basis; and there are some things remaining to be adjusted. It is a remarkable fact that coal, for instance, averages 323 per cent. of the price of coal before the war (1913), and that is the highest that the price has gone, and there it sticks. Coke, on the other hand, which is made from coal, went in the year 1920 to over 700 per cent. of the 1913 price, but got back a few months ago to 122 per cent. of the 1913 price.

Our prosperity begins with the farmer, and though his prospects are considerably better today and we are all rejoicing over it, I often said months ago that if I were given omnipotent power the very first thing I should do with it would be to raise the price of farm products. Although that has happened to a considerable extent, the farmer cannot be fully prosperous while the price of coal remains at the high war level, and the price of freights are very little below the highest level of the war.

We need more harmony in this country. We need the different sections and different classes of this country to play more in harmony, to cooperate more with each other, before we can have a full return to prosperity. Among other things, we need a better relation with our farm friends. That subject, our relations with foreign countries, particularly with Europe, is a subject which to me seems to have two irreconcilable sides. First, there is a debt of ten or eleven billions which cannot now be paid except by the creating of credits in this country from the sale of goods or otherwise. The people of this country will never stand for this country's being flooded with cheaply made foreign goods; and the two sides seem irreconcilable; so much so that many bankers, some of whom I have the greatest admiration and in whom I have the greatest confidence, have advocated the cancellation of these debts. I am sorry that I cannot agree with them.

I do not believe in the cancellation of debts, public or private. I do not believe in its morality. I would not cancel these foreign debts if I thought I never should collect a dollar of them. (Applause.)

There are two words that I want to say on that subject. First, opinions change. If anyone had told us ten years ago that those countries would owe us eleven billions of dollars, as they now do, we would have thought that that man was a fit subject for the lunatic asylum. Can any of you tell us whether they will still owe us or whether we will owe them ten years hence or twenty years hence? Suppose we should get into a war. It is not unthinkable. The whole thing might be reversed. I say, therefore, what am I going to do? Enforce payment? Impossible. I would do with the Allies' debts exactly as I would with a man who was the best customer I ever had, who had always paid his bills, but who, through no fault of his own, came to me and stated he could not pay me now. I would say, "John, take all the time you want." (Applause.)

England, for example, has put into her budget already this year the amount of interest at 5 per cent. on her four billion debt to this country. How would it do to let the interest down to 3 per cent., fund the debt at fifty years, and let the other 2 per cent. wipe it out in that time? Would not that preserve the relations very much better than cancelling it? I have yet to find anyone who shows great gratitude or friendship when you let him off with a debt. I would be very much more afraid of international trouble arising out of the cancellation of these debts than by holding them over their heads; and the next time that America takes a move looking toward universal peace and calls men from those countries to Washington they will come a little quicker and they will listen with a more attentive ear if they still owe us these billions of dollars. (Applause.)

Canada is our second best customer. The United Kingdom of Great Britain and Ireland is our best customer. Canada is ahead of any European nation with that exception. Last year and the year before our business with Canada was in the neighborhood of one billion and a half. Sixty-nine per cent. of all Canadian imports comes from this country and 58 per cent. of all Canadian exports come to this country. We all know that no country can continue to buy from another country if it does not sell also to that country. The trouble with foreign exchange lately, so far as Canada was concerned, was that she was buying from us and not selling to us, chiefly because the emergency tariff bill put a duty on farm products. I am not here to say that there should be no duty on foreign products from Canada, but I should like to point out that it is very easy to be

mistaken about a thing like that. We say we do not want farm products from Canada to come in free because of the competition with the American farmer. Do we get rid of the competition with the American farmer by putting a duty on Canadian farm products? I think not, for the reason that they send their wheat and other things to Liverpool and Europe. It is simply moving the competition from our own doors to the greatest wheat market in the world, in Liverpool, where it may do the American farmer just as much harm as if it came in free to this country. I am not advocating that. What I do advocate is the very closest friendly relations, reciprocity studied scientifically, so that such matters as I have just suggested may be properly adjusted between the two countries.

There is a larger question, to my mind, in what we are speaking of today, and that is the close unity of all English-speaking people. I do not care what your blood may be originally—it may be Dutch, French, German or anything else—now you are an English-speaking citizen of an English-speaking country, and you should be in favor of the closest friendship and union between all English-speaking peoples. They were all on one side in the war. I made no bones in saying before we got into the war that anyone in this country who sympathized with the German cause was not a true American and had no real appreciation of true Americanism. (Applause.)

The unity welded in the fiery furnace of war should be continued—a unity of purpose, a unity of ideals, not for ourselves selfishly, but because we are the only people who have the vision of a world at peace. Do you see any signs in Europe of any other people, except the English-speaking people, who have caught that vision?

The Golf Tournament

The winners of the various events in the golf tournament at White Sulphur Springs are as follows:

Event No. 1—Wm. B. Hughes.

Event No. 2—Class A, Tom Hartman; Class B, J. A. Swallow (low net score); Class B, A. E. Adams (seventh low net score); Class C, A. D. Graham (low net score); Class C, F. J. Scheidenhelm (seventh low net score).

Event No. 3—A. D. Graham.

Event No. 4—Mrs. Walter P. Gardner (low gross score), 1922 woman champion; Mrs. I. H. Kempner (low net score); Mrs. R. R. Frazier (second low net score).

Event No. 5—Indoor putting contest, Mrs. I. H. Kempner and Mr. R. R. Frazier.

Event No. 6—Ladies' putting contest, first, Mrs. A. D. Graham; second, Mrs. Chas. L. Schenck.

Review of State Legislation

By CRAIG B. HAZLEWOOD

South Carolina Passed Law Recommended by the Association. Important New Laws in New Jersey and New York. Committee Proposes New Laws Relating to Stop Payments, Certifications and the Protection of Innocent Purchasers. Only Nine States Have Thus Far This Year Held Legislative Sessions

YOUR committee has given due consideration during the past winter to the promotion of bills on subjects of legislation, heretofore recommended for state enactment by our Association, including the uniform acts on negotiable instruments, bills of lading, warehouse receipts and stock transfers and bills relative to false statements for credit, bank slander, bad checks, and a number of other subjects. These were forwarded in due season with explanatory literature to the officials of the State Bankers Associations and the heads of State Banking Departments for their use and action. Only nine states have thus far held legislative sessions this year and some of these legislatures have not yet adjourned, so that sufficient time has not elapsed for adequate reports from these states. This report must, therefore, necessarily be incomplete as to the legislation which has been passed and preliminary to a full report of state legislation at the fall convention.

Legislation Affecting Banks

The state of South Carolina has passed the law recommended by our Association, though in different phraseology, to punish derogatory statements affecting banks, commonly known as the bank slander bill. The law which was approved by Governor Cooper on February 23, 1922, provides that "any person who shall falsely and wilfully and with intent to injure, circulate any report, or make any false statement as to the assets or liabilities of any bank in South Carolina, or to its solvency or ability to meet its obligations, or as to its soundness; or who shall make any other false statement, calculated to affect the credit or standing of said bank, or to cast suspicion upon its solvency, soundness or ability to meet its deposits or other obligations in due course, shall be deemed guilty of a misdemeanor" and provides a fine of not less than \$100 nor more than \$500 or imprisonment not more than one year or both in the discretion of the court. State Bank Examiner Craig advises that this was the only banking law passed in South Carolina this year.

In Kentucky we are advised by Secretary Harry G. Smith, of the Kentucky Bankers Association, that "while Kentucky was badly in need of some new banking laws the Jurisprudence Committee of our Association decided to resolve itself into a committee of defense instead of offense. In other words, as long as the legislature let the banks of Kentucky alone we decided to let them alone. Kentucky is in the same position regarding the banking laws that they were

before the Legislature convened and we will have to get along as best we can until the next session."

Deputy Commissioner Peavyhouse, of the Kentucky bank department, writes our committee that he will call to the attention of the next assembly the bills recommended by our Association and make some effort to have them passed.

In Maryland, Bank Commissioner Page advises that the legislature at its late session did not enact any bills directly affecting banks. There was one bill passed relieving trust companies from making a deposit of securities with the state treasurer, as provided in article 23, section 110, annotated code of Maryland, applicable to trust companies.

In New Jersey bills were passed by the last legislature upon the following subjects: (chap. 114, 118 laws, 1922) Amending the law as to the issuance of municipal bonds and repealing former laws; (chap. 124) validating past unauthorized purchases and sales of land by executors and other fiduciaries, without releasing from liability for improper transactions; (chap. 144) authorizing executors and other fiduciaries to loan trust moneys in shares or parts of bonds secured by a mortgage on real estate; (chap. 165) allowing executors and other fiduciaries to include in the lawful expense of executing their trusts such reasonable sums paid for safe-deposit box rental for the safekeeping of securities as may be allowed by the court; (chap. 166) amending the Trust Company law relating to examination and report by examining committees of trust companies; (chap. 167) amending the banking law as to the loan limit to a single borrower; (chap. 173, 174) amendments to the transfer tax law on decedents estates; (chap. 176) fixing the fees of notaries and justices of the peace in connection with demand, protest and notice of dishonor of negotiable paper and providing civil penalty for overcharging.

In New York the legislature at its last session passed a number of laws affecting banks. Official copies of the laws have not yet been received and only the subjects covered will be summarized. The legislature amended section 24 of the tax law by striking out the provision that the taxation of bank shares shall not be "at a greater rate than is made or assessed upon other moneyed capital in the hands of individual citizens of this state." A law has been passed to prevent banking corporations from issuing more than one kind of stock. The savings bank law has been amended in relation to the declaration of dividends by savings banks; also to allow loans upon savings bank passbooks to the extent of

100 per cent. instead of 90 per cent. of the balance in the passbook; also to permit any savings bank trustee to make deposits in any savings bank of which he is a trustee, the same as any other depositor. The banking law has been amended in relation to the giving of notice of proposed amendments to the bylaws of credit unions; also in relation to the borrowing of money by savings and loan associations from the land bank of the state of New York. Banks elsewhere than in boroughs of two million population or in villages of not more than 1,500 population, which do business in a place where there is no savings bank and which maintain special interest departments are given permission to loan not to exceed 50 per cent. of deposits in the interest department, in lieu of 25 per cent. of total assets upon real estate security. A new provision requires officers of a bank, savings bank or trust company, upon request, to give information to the local authorities having charge of the laws relating to the poor, with reference to facts whether or not an applicant for relief or the husband or wife of an applicant is a poor person and has securities or other personal property on deposit. An amendment to the banking law authorizes trust companies and savings banks to invest in farm loan bonds of the first land bank district. The banking law has been amended by giving power to investment companies to invest in stocks of corporations engaged in the same general character of business. Another amendment includes investment companies with banks and private and individual bankers in the provisions regulating the rate of interest and effect of usury. The education law has been amended to provide for the designation of banks for deposit of funds in certain union free school districts. A number of amendments have been made to the personal income tax law. The personal property law has been amended in relation to stock dividends. The decedent estate law and personal property law has been amended in relation to the investment of trust funds.

In Massachusetts a number of bills affecting banks are pending and the legislature has not yet adjourned. While none of the bills recommended by our Association were filed, Bank Commissioner Wallace advises that some of the suggestions contained in such bills were covered by recommendations made by the Special Committee for the Revision of Banking Laws. It is too early to report as to passage of any bills affecting banks.

In Mississippi, Secretary Power of the Mississippi Bankers Association, advises

as to the action of the legislature, that from a banking point of view, their association "is entirely satisfied with the result, as a bill was passed providing for a superintendent of banks and also providing certain other very desirable features in the banking law. Another bill was passed providing for the exemption from all taxation of money on deposit in the bank both open, time and savings. No legislation was passed to which the banks had any objection. The effort of the association, however, was centered on the bill providing for a superintendent and, therefore, no effort was made to secure passage of the uniform bills" recommended by our association.

In Virginia, Chief Examiner Richardson advises that a few changes have been made in the banking laws, but postpones full advice until the printing of a pamphlet containing the banking laws of Virginia, as amended. One amendment provides suitable wording which will prohibit the organization of a bank by stock promoters. Another amendment reduces the amount which a bank may invest in its building, including furniture and fixtures from 100 to 50 per cent. of paid in capital. It does not appear that any of the American Bankers Association measures have been passed.

No advices have been received from Rhode Island in which legislative sessions were held this year, while the Georgia legislature does not convene until June 25, and the Louisiana legislature does not convene until May 9.

The above accounts for all the states in which regular sessions of the legislatures have been, or will be, held this year.

Recommendation of New Legislation

The legislature of Oregon last year passed an act (chap. 37, laws Oregon 1921) fixing a 90 day time limit upon stop payment of checks unless renewed. The full text of the law is as follows:

An act, fixing limitations on revocations, countermands and payments and stop-payment orders relating to the payment of any check or draft against bank accounts.

Be it enacted by the people of the State of Oregon:

Section 1. No revocation, countermand or stop-payment order relating to the payment of any check or draft against an account of a depositor in any bank shall remain in effect for more than ninety days after the service thereof on the bank, unless the same be renewed, which renewals shall be in writing and which renewals shall be in effect for not more than ninety days from date of service thereof on the bank, but such renewals may be made from time to time.

Section 2. All notices affecting checks upon which revocation, countermand or stop-payment order have been made at the time of the taking effect of this act shall not be deemed to continue for a period of more than ninety days thereafter.

Approved by the governor February 10, 1921. Filed in the office of the secretary of state February 10, 1921.

Your Committee recommends this law for uniform state enactment and if this recommendation is approved by the Executive Council, will adopt the usual procedure to promote its enactment in the different states.

Your Committee further recommends an amendment of the Negotiable Instruments Act to safeguard banks from risk of loss in the certification of checks due to a recent decision of the Supreme Court of Illinois in *National City Bank of Chicago vs. National Bank of the Republic of Chicago*. This proposed amendment as drafted by our General Counsel is as follows:

Amend section 62 of the Negotiable Instruments Act to read as follows: (new matter in italics):

Section 62. The acceptor by accepting the instrument engages that he will pay it as *drawn* according to the tenor of his acceptance; and admits:

1. The existence of the drawer, the genuineness of his signature, and his capacity and authority to draw the instrument, and
2. The existence of the payee *named by the drawer* and his then capacity to indorse.

But the acceptor does not admit the genuineness of the body of the instrument.

Your Committee further recommends an amendment of the Negotiable Instruments Act to protect innocent purchasers of checks and other negotiable instruments which, under the statutes of some of the states, as construed by their courts, are avoided where the consideration is based on a gambling or an usurious transaction. This proposed amendment, as drafted by our General Counsel, is as follows:

Amend section 55 of the Negotiable Instruments Act to read as follows: (new matter in italics):

Section 55. The title of a person who negotiates an instrument is defective within the meaning of this act when he obtained the instrument, or any signature thereto, by fraud, duress, or force and fear or other unlawful

means, or for an illegal consideration, or when he negotiates it in breach of faith or under such circumstances as amount to a fraud. *For the purpose of determining the rights of a holder in due course or of a person who derives his title from a holder in due course of an instrument in form negotiable which, by any statute, is made void because based upon a gaming consideration or usurious transaction or for other reason, not disclosed upon its face, such instrument shall be deemed obtained for an illegal consideration within the meaning of this section and shall be enforceable by a holder in due course or a derivative from such holder as provided in sections 57 and 58.*

Uniform Interest Rates

At the suggestion of President McAdams, the Committee on State Legislation undertook an investigation of the varying interest rates within the several Federal reserve districts and requested the views of the members of the Executive Council whether a movement tending towards uniformity or coordination of interest rates within the several Federal reserve districts would be desirable. About one third of the membership of the Executive Council expressed their views upon the subject and of these the sentiment of a considerable majority was unfavorable to proceeding with the suggested movement. The subject, therefore, has been laid aside for the present.

Building and Loan Associations

Your committee in conjunction with the State Legislative Council is undertaking an investigation of the laws governing the activities of building and loan associations in the various states for the purpose of ascertaining the extent to which they depart from their true functions as mutual institutions for home building and engage in business for profit by the same methods as ordinary savings banks, to the end that such corrective legislation may be framed and recommended and such measures taken as the situation may require.

Reciprocal or Inter-Insurance

Oscar G. Foreman in his report as chairman of the Insurance Committee set at rest a rumor regarding reciprocal insurance.

"As a result," he said, "of a flood of telegrams from business interests in all parts of the country regarding a rumor that the Insurance Committee contemplated going on record as being opposed to reciprocal or inter-insurance, and were to submit a report to the Executive Council, the Insurance Committee of the Association issued a statement to the press denying that the question of reciprocal or inter-insurance would be considered in any way by the Committee.

"The Committee does not know the

source of these rumors, but it can be said unequivocally that the Committee does not consider it within the province of the American Bankers Association to take any stand on the question of reciprocal or inter-insurance. The Insurance Committee has not received any report or prepared any report on the subject, nor has it contemplated taking any action upon it.

"The Committee wishes to express its appreciation of the efficient and courteous manner in which our Secretary, L. W. Gammon, has rendered service not only to our member banks but to the members of this Committee."

Report of Committee on State Taxation

ERNEST J. PERRY

YOUR Committee on State Taxation has but a brief report to make. Taxation of bank stock in the several states is so varied and without any semblance of uniformity that it is almost impossible to schedule the various methods of valuation and plans of assessment now in vogue in the different states.

At the Bank Tax Conference in Washington, held on February 6, this fact was brought out most forcibly by bankers from some twenty-five different states, when it was shown that assessments range from a flat rate of 1/5 of 1 per cent., or 2 mills on employed capital (combined capital, surplus and undivided profits) on banks in the State of Delaware, to an average for the entire State of Mississippi of 5 per cent. or 50 mills on employed capital.

One Mississippi banker reported that on a total of \$445,000 employed capital, his bank paid \$31,000 in state, county and city taxes. Had this same bank been located in Delaware, it would have paid but \$960 taxes, whereas a Wilmington, Delaware, bank with employed capital of \$2,100,000 and paying \$4,200 taxes would pay, if located in Mississippi, \$105,000 in taxes.

Several states assess bank stock by placing same under a special classification, the rate of taxation varying in the different taxing districts within the state. Other states have a uniform flat rate of taxation which is applicable to all banks in the state, while still other states assess on the book value of total capital, surplus and undivided profits, and the stock is assessed at the local rate, and in a few states the assessment is made at the market or selling value of the stock, which, in many instances, has for the basis of valuation, "Good Will" or "Going Value," and the sale of a few shares of bank stock during the year governs the assessment, and the price paid for these few shares of stock is used as a basis for valuing all of the shares of the bank. This plan is manifestly unfair, as it is practically an assessment on efficient management and the good name of the bank.

In nearly all states the bank building is valued and assessed separately and the assessed value is deducted from the total value of the shares.

Your Committee on State Taxation realize that you gentlemen are well versed in the methods of taxation in your own states. The only characteristic which is common to nearly all of the states is that bank stock is called upon to bear a heavier percentage of valuation for taxation purposes than any other property within the same state.

We do not believe that this is a discovery or is new information to the members of this Council.

The fact that banks are compelled to publish sworn statements of their condition makes it comparatively easy for the assessor to value bank stock, and when the fact is pointed out to the taxing

authorities that there is inequality and discrimination, the answer usually comes back, "Your bank stock is not assessed too high, for it is assessed in accordance with the law, but other property is not assessed high enough and the banker should assist in bringing up the assessment of other property to its proper valuation."

The members of this Council have been informed from time to time of the progress being made by the Special Committee on Taxation, of which Oliver J. Sands of Richmond is chairman, and of the efforts of his committee to maintain "in statu quo" that part of the National Bank Act known as 5219 U. S. R. S. and of the amendment to this section proposed by this Committee, which safeguards to all national banks their inherent rights as defined under the Richmond Bank Tax decision, and which further provides for the taxation of bank stock on an income basis where states assess other moneyed capital under the income tax.

Your committee is firmly of the opinion that every bank, whether it be a state bank or a national bank, is vitally interested in maintaining Section 5219 substantially as it is now. State banks receive fully as much benefit and protection from this section of the Federal banking law as national banks do, for we do not believe that there is any state

that has one system of taxation for national banks and another for state banks.

The Virginia Bank Tax decision has clarified in no uncertain terms the meaning of "other moneyed capital in the hands of individual citizens." This decision has defined and laid down a method for assessing national bank stock. If Section 5219 is continued substantially as it is in its present form without the injection of any insidious amendment as proposed by the McFadden Bill, it will prove a safeguard to national and state banks alike, for every state legislature in revising its bank taxation laws must take cognizance of the Richmond decision.

We, therefore, urge state banks and bankers to join with national bankers in lending their influence to maintain this statute substantially as it is now and thereby safeguard their own interest, always bearing in mind the axiom as laid down by Chief Justice Marshall when he stated, "the power to tax is the power to destroy."

F. F. Johnson, member of the Executive Council, has recently been elected president Boise City National Bank, Boise, Idaho. He was formerly vice-president of that institution.

Official Notice

[STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912, OF THE JOURNAL OF THE AMERICAN BANKERS ASSOCIATION, published monthly at New York, N. Y., for April 1, 1922.]

[State of New York, county of New York, ss. Before me, a Notary Public, in and for the State and county aforesaid, personally appeared James E. Clark, who, having been duly sworn according to law, deposes and says that he is the editor and business manager of the JOURNAL OF THE AMERICAN BANKERS ASSOCIATION, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations, printed on the reverse of this form, to wit:

¶1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Fred N. Shepherd, 5 Nassau Street, New York, N. Y.; editor, James E. Clark, 5 Nassau Street, New York, N. Y.; managing editor, none; business manager, James E. Clark, 5 Nassau Street, New York, N. Y.

¶2. That the owners are. (Give names and addresses of individual owners, or, if a corporation, give its name and the names and addresses of stockholders owning or holding 1 per cent. or more of the total amount of stock): The American Bankers Association, 5 Nassau Street, New York, N. Y. (A voluntary, unincorporated association of 21, 885 banks: Thomas B. McAdams, Merchants National Bank, Richmond, Va., president, and Fred N. Shepherd, 5 Nassau Street, New York, N. Y., executive manager.)

¶3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent. or more of total amount of bonds, mortgages, or other securities are: None.

¶4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

¶5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is— (This information is required from daily publications only.)

(Signature of editor, publisher, business manager, or owner.)

¶Sworn to and subscribed before me this 18th day of March, 1922.

¶MARION W. DE ROUVILLE, Commissioner of Deeds, City of New York; residing in the Borough of Manhattan. New York County Clerk's No. 55; New York County Register's No. 23023.

¶(Appointment expires March 15, 1923.) [SEAL]

Results of the Economic Survey

IN the report of the Economic Policy Commission presented to the Executive Council by M. A. Traylor, chairman, was included the result of the economy survey. The findings in each state will be published in pamphlet form. Of the work in general the report included the following:

At the Convention of the Association at Los Angeles last year, it was voted that the Economic Policy Commission continue the work undertaken by Mr. John S. Drum during his administration of making an economic survey of the whole country. In pursuance of these instructions the Commission sent out in March about 1500 questionnaires to members and a few others, the list of names having been compiled by Mr. Drum from those who had been of most assistance to him. In addition the members of the Executive Council of the Association, the Secretaries of the State Associations were requested to send questionnaires to such other men in their respective states who might be able to furnish information of value.

Of the 1500 questionnaires, 738 answers have been received. The resultant survey will derive its chief interest from the fact that it shows more or less correctly what a large number of our members and friends believe to be the economic situation of the country. Attached to this report is an analysis and summary of the answers received from each state, prepared by the secretary of the commission. Those sufficiently interested to peruse these summaries will gain a fairly accurate picture of the consensus of opinion. I shall in the concluding part of this report merely point out a few general and striking facts.

It is evident from the answers received to the questionnaire that there is a much greater feeling of hopefulness in the country than there was when Mr. Drum made his last survey. Production in most lines is again stimulated, and sales are increasing, so that manufacturers as well as the farmers have little surplus on hand. In other words, liquidation has been completed in nearly all lines of activity throughout the country, and costs have decreased except in the items of labor, transportation, and taxation. Even as regards labor, there has undoubtedly been a considerable lowering of prices, especially as regards agricultural labor. This is evidenced by the fall of prices, both wholesale and retail, which are now considerably lower than they were two years ago and in some instances have already begun to recover slowly. The work of the War Finance Corporation has undoubtedly been of great assistance to many parts of the country though this fact seems to be appreciated by only a limited circle. In regard to the railroads the attitude of those answering is an entirely reasonable one. It is felt that freight rates are too high, but at the same time the situation of the railroads themselves is appreciated to an extent that would not have seemed possible a few years ago. Much as

everybody wishes freight rates to be reduced, it is realized that this cannot be done until the railroads themselves are able to cut down their operating expenses sufficiently to earn a reasonable return upon their investment. In the answers to the more specifically financial sections of the survey, a curious phenomenon is the fact that there is apparently little interest in the whole tariff question. When it is considered how bitter the contests used to be between advocates of a high and a low tariff, it is surprising to note that, while naturally each section of the country desires that that be done which will favor its

Not Easy to Find Men

"When members of the Federal Reserve Board are hounded by senators and congressmen because they do not think it proper to flood the country with easy money, just because elections are coming; or when they refuse to believe that excessive fluctuations in foreign exchanges during the War were due to Wall Street speculation and could be regulated or controlled by the Federal Reserve Board; or when they are viciously criticised because they will not accede to the belief that fake easy money can counteract the effects of overproduction of important staples when a period of reduced world consumption is encountered—it is, at best, not easy to find men of importance willing to make the material sacrifices involved in service of the Federal Reserve Board.

PAUL M. WARBURG

interests most, nevertheless, the general sentiment seems to be that the whole matter is not one of primary importance. It may be that in some respects I think the tariff question almost more important now than it ever was. But in this estimate of what the economic survey which we undertook means the commission naturally is presenting not its own views but an analysis of what seems to be the consensus of opinion of those answering the questionnaire. Everyone feels that the worst is over, that interest rates will continue to fall, and that business failures for the rest of the year will not be unusually large. There is little spirit of pessimism and not much of optimism, but there seems to be a determination to get down to work and pull the cart out of the mire. It is realized that the foreign situation leaves much to be desired, and that full pros-

perity cannot return to us until Europe decides to forget its quarrels and get down to business.

Personally, I have derived at least this great consolation from going over the answers to these questionnaires, that so many of our members have come to realize, as Mr. Drum expressed it in his first survey of last year, that it is "common sense and a knowledge of facts, coupled with clear vision, which must guide the conduct of every one of us in his private business affairs." People have come to realize that conditions cannot be improved by simply shouting altogether, "Good times are coming," but it is also felt that the country is fundamentally so sound that there is no need of despairing as to the future.

In conclusion, I wish to express on behalf of the Economic Policy Commission the deep sense of gratitude which we feel toward all those who took the trouble to fill out the questionnaires for the Economic Survey. Everyone who has ever done work of this nature realizes the difficulties of the task and how much thought and labor must be given to an intelligent summary of economic conditions in one's district. The work both last year and this could not have been done at all without self sacrificing effort on the part of the members and friends of the Association, as well as the members of this Council, and the Secretaries of the various State Associations.

J. H. Durrell, formerly an assistant vice-president in charge of the Cuban branches, has been elected a vice-president of the National City Bank.

Roger L. Farnham has resigned as vice-president of the National City Bank.

Frank A. Newell, vice-president of the National Shawmut Bank of Boston, has been elected a trustee of the Wilsey Savings Bank of Boston.

Edgar L. Marston has been elected a director of the First National Bank of Los Angeles. In addition to having been the active head of Blair & Company, of New York, Mr. Marston is interested in the City National Bank of Dallas and is a director of both the Bankers Trust and the Guaranty Trust Companies of New York. Mr. Marston became manager of the bond department of Blair & Company in 1890; was made a member of the firm in 1893. He is now also a director of the Missouri Pacific Railway Company, the Western Maryland Railway Company, the St. Louis Iron Mountain and Southern Railway Company, the Clinchfield Coal Company, and the Goldschmidt Detinning Company.

A Larger Agricultural Commission

JOSEPH HIRSCH, chairman, in his report for the Agricultural Commission, said:

"Your commission is of the opinion that there is a need for intermediate credit on the part of our farmers. The requirements of live stock growers and credit needs for the construction of silos, for the purchase of improved farm machinery, farm drainage, et cetera, cannot be adequately met by six months' paper, but your commission is not now prepared to favor the formation of an additional Federal financial agency to provide for these credits, nor can it at this time subscribe to the engrafting of provision for such credits upon either the Federal reserve system or the Federal Farm Land Bank Act. The commission favors the extension of the War Finance Corporation for another year, and in the meantime, hopes that conferences between officials of the American Bankers Association, and representatives of the American Farm Bureau Federation and other farm organizations, together with officers of the Federal Reserve Bank and War Finance Corporation, will be held and that out of such conferences will come a plan for necessary provision covering the intermediate line of credit.

"Your committee again urges that members of this Association make a study of the principles of cooperative marketing, and of the various cooperative marketing organizations which are springing up all over the land. Any intelligent banker, who studies the subject, must reach the conclusion that the principles of cooperative marketing are

sound and if properly applied will inure greatly to the benefit of the farmers and of all the business of this country. It is extremely important, however, that sound methods of the application of co-operative marketing be applied. Southern farmers are entering upon an ambitious program for cooperative marketing of their cotton crop, while the tobacco growers of Kentucky have recently signed up 57,000 farmers in the Burley Tobacco Group. These organizations, if successful, will thoroughly revolutionize the marketing methods of those sections of our country, and it is extremely important that bankers keep themselves posted and endeavor to assist in the formation of sound systems and equally to discourage unsound systems. The bankers of this country have continued to enthusiastically support the County Agent movement and the work of the Boys' and Girls' Clubs. There are now more than 4,000 County Agents in the 2,500 agricultural counties of this union. These agents have been largely in charge of the Boys' and Girls' Clubs, but the interest of adult farmers has so tremendously increased that it is becoming necessary to employ state leaders and county leaders of the Boys' and Girls' Club work. This is going to require additional Federal appropriations. The Smith-Lever bill for agricultural extension work will come up for consideration by Congress again early next year. Your commission has prepared a resolution endorsing this work and urging the Congress to make the necessary appropriations for the County Agents' work, and the necessary

provision for the Boys' and Girls' Club work. In our opinion there is nothing which is of greater importance to our country than the work among the boys and girls. There are now 500,000 boys and girls enrolled in the clubs. Your chairman is one of the directors of the National Committee on Boys' and Girls' Club work, which organization hopes to have more than a million boys and girls enrolled in this work within the next two years."

Mr. Hirsch made four recommendations for increasing the scope and efficiency of the Agricultural Commission: That the membership be increased from seven to twelve members; that a number of states be assigned to each member, with adequate provision for traveling expenses; that a national conference of the Agricultural Commission and the committees of the State Bankers Associations be held; that the *Banker-Farmer* be sent to all members of the American Bankers Association.

"Your commission is also considering the matter of employment of a National Director of this agricultural work, preferably a trained agriculturist; a man nationally known and qualified to lead and organize the work of the commission and to map out and develop a national program, and while this Association may not be prepared to embrace the latter project at this time, there is no doubt that if adequate provision could be made for the employment of a national director, it would be a tremendous benefit to this great work."

Bankers and Farmers Working Together

OF the many changes of a commercial nature that are now under way in the United States there is none likely to have a more important bearing on the life of the average family on the farm than the cooperative marketing movement. With the manufacturer and the business man distribution—how, when and where to sell—is of first importance. He rarely buys, builds or makes without having a well-laid plan for selling. With agriculture, which, taken as a whole, is the biggest industry in the country, there has been until recently no successful master plan for even one commodity. Now, however, the cooperative selling idea is spreading. The farmer is seeing the wisdom of studying it. The success of cooperation in handling selected commodities has revealed a pathway along which it seems to be possible that some progress may be made toward more money for the farmer and at the same time a saving for the ultimate consumer.

At the Agricultural Conference held at White Sulphur Springs by the Agricultural Commission of the American Bankers Association, Charles J. Brand, former

chief of the Bureau of Markets of the United States Department of Agriculture, predicted that the cooperative movement would make more progress in the next five years than it had in the last twenty-five years. He said that in making an investigation recently he found that there was not one volume in three great libraries on the distribution of coal. In agriculture much the same condition prevails though distribution is the other half of farming. What this is costing the farmer was illustrated by reference to South Carolina. Farmers, on account of boll weevil, lately have given more attention to raising perishable crops, but had no definite plans for marketing them, with the result that in some instances green peas were shipped to New York which were unfit to eat before they left the shipping point. Here is where the foresight and advice of the banker can help the farmer. In his references to cooperation, Mr. Brand told of the two forms—the centralized plan of cooperative marketing and the California plan by which the responsibility is placed on the local home town.

Closer cooperation and better under-

standing between the farmer and the banker was urged. What this may result in was illustrated by the case of an Arkansas banker whose vision of the value of land visible from his bank will this year bring to his small town an additional \$800,000 from peaches and \$700,000 of it will go to his bank.

The banker-farmer movement has been signally successful in Wisconsin. It was stated a banker-farmer exchange plan has demonstrated its usefulness there. A farmer wishing to sell blooded stock, or seed, may list his offerings with his bank. Through the agricultural offices of the State Bankers Association \$33,000 worth of cattle have been sold in a year.

In Arkansas the bankers have done a most remarkable work for agriculture, which, of course, means that they have added to the prosperity of the whole state. The story was told by E. J. Bodman, vice-president of the Union and Mercantile Trust Company of Little Rock. It began in 1914 and with the drop in cotton. A survey showed that the cotton of the state amounted to \$65,000,000 annually. A campaign for the growing of food and feed crops was inaugurated. "Let Ar-

kansas Feed Himself in 1915" was the slogan. Thirty trained speakers held to a text, approved as safe and sound by the College of Agriculture, were put into the field covering forty-four counties where cotton had been the principal crop, and all business interests helped the movement with cash or its equivalent. What was thus inaugurated as an emergency campaign was continued for three years. An expert agriculturist was employed at a large salary and at the ex-

piration of three years the work went on. The business interests of Little Rock, led by the bankers, set aside \$18,000 a year for the work. Each year since 1915 parties have been sent in special cars or special trains to agricultural colleges in neighboring states. The trips take about ten days and cost from \$12,500 to \$30,000. On one occasion the Arkansas Bankers Association and the business interests paid the cost of a special train which

took the governor and the members of the legislature to the agricultural colleges of Iowa, Missouri, Indiana and Illinois.

Among the speakers at the Agricultural Conference were Fred N. Shepherd, Alex Dunbar, Robert E. Wait, John H. Puelicher, R. E. Cone of South Dakota, William Edens of Chicago, W. W. Bowman, secretary of the Kansas Bankers Association, John Phillips of Illinois, J. R. Howard and George E. Allen.

Progress of Education

A REALLY fine feature of the spring meeting was the Educational Committee's symposium, held under the direction of John H. Puelicher, Chairman of the Committee.

It revealed that the work of the committee in extending knowledge and information concerning banking to the schools had a breadth and a scope which many had not realized. It revealed, too, that the greatest beneficiary in the work was the banker himself, who engaged in it for, strange as it may seem, those who have engaged in the work of giving talks on banking in the public schools in accordance with the plan of the committee testified that a by-product of the work was that they knew more about their own business than before taking up the educational plan.

The speakers were Robert B. Locke of Detroit; Gertrude M. Jacobs of Milwaukee; W. C. Macfadden of Fargo, N. D.; C. F. Zimmerman of Lebanon, Pa.; W. F. Gephart, St. Louis; Robert E. Wait, Little Rock; G. E. Bowerman, Los Angeles; F. N. Shepherd, New York; Andrew Smith, Indianapolis; Dr. Walter Lichtenstein of Chicago; Alex. Dunbar of Pittsburgh; President Thomas B. McAdams of Richmond; and J. A. Ormond of Marianna, Florida.

It transpired that the work instead of being onerous was inspiring to all who engaged in it; that the teachers welcomed it and were willing to cooperate, that the pupils were responsive to it, and that besides awakening the youth to new ideas and ambitions, a knowledge of banking and an interest in the bank was carried to the home, and that this wholesome interest in something worth while would be a safe bulwark against many of the mistakes of life.

There has been notable activity in Pennsylvania, where 663 banks have been engaged in the work on a carefully prepared schedule which besides reaching into the schools provided for newspaper releases, thus gaining the benefit of valuable publicity. The suggestion was made that the effect of the program and of the lectures could be accentuated by sending out to the speakers one lecture a month with a release date on it, thereby giving the speaker a definite something to do and tactfully suggesting the time in which it should be done. From Pittsburgh the lectures on banking in modified form have been broadcasted by wireless and have

been heard as far as the State of Washington.

The great need of a wider understanding of banking and the principles of economics was illustrated by the case of North Dakota, which was invaded by radicals who pictured the banker as an enemy of the people. In a few years the

Saved from Panic

"We would have had a panic at the sinking of the Lusitania but for the Federal Reserve System. We would have had a panic when President Wilson told Congress that the time had come for us to enter the war had it not been for the System. We would have had a panic in 1920 when the great business reaction set in as a result of over-expansion and credit inflation that had been created despite the warning, advice and foresight of the Federal Reserve Board.

"We did not take the warning when they gave it. The merchant filled up his shelves and continued his policy of reckless buying at high prices, and the result was that in 1920 he had dumped on him three times the volume of goods he could normally use and found himself in the fall with his shelves loaded to the breaking point, and confronted with collapsing prices and demoralized markets.

"The consequent losses that many suffered were despite, and not because of, the Federal Reserve System, and they would have been greater had it not been for the System."

—THOMAS B. McADAMS.

state debt was changed from \$400,000 to \$7,000,000, so that now the interest on the state debt, as the result of radicalism and a lack of understanding of banking, is greater each year than the total of the state debt before the coming of the radicals.

There was a discussion as to whether the average banker know enough of peda-

gogics to get the message across to the pupils. It was suggested that the work might be broadened to secure wider cooperation with the teachers—that literature be prepared which would enable the teacher to impart the information without the presence of the banker. While the cooperation of the teacher is necessary it was pointed out in this connection that the presence of the banker, known as a successful man in the community, aroused a new interest and gave an additional emphasis to the presentation of the principles of banking. In Florida, Mr. Ormond reported the Summer School at the University had asked for a course of lectures on banking.

These resolutions were adopted:

Whereas, The members of the Committee on Public Education of the American Bankers Association are convinced from the results of the work of the past year that this educational program is of vital importance to the community, the State and the Nation in the building up of intelligent American citizenship, and

Whereas, This work has been developed to its present success only by the enthusiasm, encouragement, earnest efforts and wholehearted support of the officers and members of the American Institute of Banking, the officers of the State Bankers Associations, the State, County and City Superintendents of Public Instruction, and the Presidents, Principals and Teachers of Colleges and Schools, therefore be it

Resolved, That the thanks of this committee be extended to all those who have contributed so largely to the success of this work; and further be it

Resolved, That since there is evidenced a great desire and need for the furthering of this work, this Committee urges that there be even greater effort on the part of the aforementioned organizations; that every educator continue his necessary cooperation; that every Institute member get back of the plan with all that is in him; that every State Secretary inaugurate a speaker's bureau, the function of which shall be to provide competent speakers on financial subjects to appear on the programs of all large public gatherings, such as conventions, teachers' institutes, farmers' institutes, clubs, such as rotary, church clubs, etc., labor unions, chambers of commerce, trade associations, etc.

W. W. Bowman, Secretary of the Kansas Bankers Association, has been appointed a member of the Executive Council of the American Bankers Association to fill the vacancy caused by the death of George S. Murphy, president of the First National Bank of Manhattan, Kansas. Mr. Bowman will serve until the next convention of the Kansas Bankers Association.

Treasurer's Financial Report

FROM SEPTEMBER 1, 1921, TO APRIL 1, 1922

RECEIPTS

Cash balance, Sept. 1, 1921.....	\$20,539.33
American Institute of Banking Section	584.68
Agricultural Commission.....	602.39
Codes, Telegraphic Cipher.....	69.00
Convention, 1921.....	812.05
Contingent Fund for President.....	363.99
Current Dues, 1920-1921.....	5.00
Current Dues, 1921-1922.....	709,455.55
Dues, 1922-1923, prepaid.....	20.00
Digest of Legal Opinions.....	58,246.00
Extra Guests at Convention, 1921.....	3,330.00
General Expense.....	2.25
General Proceedings.....	34.80
Interest on Bank Balances.....	1,354.80
Interest on Bonds.....	2,006.25
Interest on United States Securities	13,700.01
Journal of the American Bankers Association	522.48
Library.....	2.00
Public Relations Commission.....	2.49
Savings Bank Division.....	100.89
State Bank Division.....	28.00
Signs and Inserts.....	8.00
Stationery and Printing.....	35.60
Trust Company Division.....	36.87
Treasurer Collecting Dues, 1921-1922	4.38
Traveling Expenses.....	93.37
United States Securities.....	35,000.00

DISBURSEMENTS

American Institute of Banking Section	\$11,872.83
Administrative Committee.....	3,028.68
Agricultural Commission.....	8,593.11
Auditors for 1920-1921 (Marwick, Mitchell & Co.).....	150.00
Attending State Conventions.....	60.17
Codes, Telegraphic Cipher.....	3,850.00
Clearing House Section.....	5,456.59
Convention, 1921.....	16,267.79
Convention, 1922.....	17.99
Committee on Taxation on National Banks	1,192.29
Committee on Federal Legislation.....	2,050.34
Committee on State Legislation.....	149.33
Communications, stencils.....	100.10
Commerce and Marine Commission.....	1,297.26
Contingent Fund for President.....	401.77
Committee on Public Education.....	3,045.81
Current Dues, 1921-1922, overpaid.....	315.00
Committee on Par Collections.....	496.63
Digest of State Banking Statutes.....	1,165.25
Digest of Legal Opinions.....	47,601.73
Executive Council Meeting.....	35.18
Extra Office Help.....	613.14
Extra Guests at Convention, 1921.....	2,640.00
Electric Light Bills.....	363.14
Economic Policy Commission.....	2,458.45
Furniture and Fixtures.....	2,181.90
General Expense, Office Supplies, Repairs, Insurance, etc.....	2,538.22
General Proceedings.....	8,128.73
Interest on United States Securities	2,310.54
Insurance Committee.....	57.37
Journal of the American Bankers Association	10,922.48
Legal Department.....	20,328.62
Library.....	2,431.08
Membership Committee.....	917.08
National Bank Division.....	7,173.65
Protective Committee.....	57,164.39
Postal Savings Committee.....	230.63
Postage	3,003.85
Premium on Officers' Bonds.....	130.00
Public Relations Commission.....	8,213.76
Rent	10,874.15
Savings Bank Division.....	11,020.19
Salaries	32,260.28
State Bank Division.....	10,157.78
Soliciting Members by Executive Council, Vice Presidents and State Secretaries.....	216.04
State Secretaries Section.....	1,882.15
Stationery and Printing.....	5,231.75
Trust Company Division.....	13,301.87
Treasurer Collecting Dues, 1921-1922	227.75
Traveling Expenses.....	608.31
Telephone and Telegrams.....	2,342.06
United States Securities.....	449,089.80
Balance on deposit in American Exchange National Bank, New York	\$37,330.54
Balance on deposit in First National Bank, Fargo, North Dakota.....	25,185.25
Balance on deposit in Continental and Commercial National Bank, Chicago, Ill.....	8,187.38
	70,703.17
	\$846,960.18

\$846,960.18

Note.—Cash Balances from above.....	\$70,703.17
Cash on hand in Office Fund	1,912.75
Cash on hand in Journal Fund	991.18
Cash on hand in Clearing House Section	270.80
United States Securities at par.....	450,000.00
Total.....	\$523,877.90

Note.—The Treasurer holds for investment, the following:

	Par Value	Carried on Books at	Market Value	Cost
Chicago, Burlington and Quincy, Ill. Division, 4's due 1949	\$50,000.00	\$47,400.00	\$44,312.50	\$50,843.75
Chicago, Burlington and Quincy, Joint 6½'s due 1936	12,500.00	12,062.50	13,281.25	12,062.50
Atchison, Topeka and Santa Fe, General Mortgage 4's, due 1995	30,000.00	28,500.00	26,325.00	30,825.00
	\$92,500.00	\$87,962.50	\$83,918.75	\$93,731.25

Protective Work

During the seven months covered in the report submitted by the Protective Committee there have been referred to the Association's detective agents, The William J. Burn's International Detective Agency, Inc., for investigation, 584 cases of burglary, attempted burglary, hold-up, forgery, etc., with the following results:

Cases closed through arrest by Burns or on information furnished by the agency.....	106
Cases closed through arrest by local and through other sources	42
Cases closed through Burns by restitution having been made.....	33
Operator located by Burns but no criminal action having been taken	31
Cases closed by Burns locating operator arrested on local charge but identified by Burns as operator in a special case.....	23
Cases still pending.....	113
Cases held up awaiting further development	236
Total	584

No burglaries or attempted burglaries have been committed in the following states, says the report: "Arizona, Connecticut, Delaware, District of Columbia, Florida, Kentucky, Louisiana, Maine, Massachusetts, Nevada, New Hampshire, New Jersey, Rhode Island, Vermont, West Virginia.

"Of the attacks on members, 99 were successful burglaries and 46 unsuccessful burglaries.

"Of the attacks on non-members, 56 were successful burglaries and 31 unsuccessful burglaries.

"The loss sustained by members in connection with burglaries was \$70,794.51, while the loss sustained by non-members amounted to \$31,657.82.

"In the following states no hold-ups have been committed: Alabama, Arizona, Connecticut, Delaware, District of Columbia, Florida, Georgia, Kentucky, Maine, Maryland, Massachusetts, Mississippi, Nevada, New Hampshire, New Jersey, North Carolina, Rhode Island, South Carolina, Vermont, Utah, Wyoming.

"There have been 58 hold-ups on members with a loss of \$261,709.90.

"During the same period there have been 28 hold-ups on non-members with a loss of \$443,972.30.

"Members, as a rule, report all attacks, also the exact loss sustained; while, on the other hand, non-members rarely report attacks, or the loss; with the result that a record of some of these attacks or losses is not obtained.

"It will be noted that there have been more attacks by burglary, attempted burglary, and hold-ups on members than non-members during the past seven months, but it must be taken into consideration that the Association has 22,202 members and there are only 9,573 non-members."

William G. Fitzwilson,
Secretary.

L. W. Gammon,
Manager.



TRUST COMPANY DIVISION



IN the course of a comprehensive review of the activities of the Trust Company Division, President J. A. House said that:

A special investigation conducted through our Committee on Protective Laws (handling state legislation) in respect to the time limit set by the laws of the states for the closing of estates, has been carried on. A digest of the information contained in the report will shortly be published and any members interested in securing copies of the complete data will be supplied upon writing to the office of the Division in New York.

The members are advised that a summary of replies received from forty states indicates that in twelve states there is no limit fixed; in seven states the time varies from thirteen months to two years; in sixteen states it varies from six months to one year; in one state the limit is four months for estates valued under \$10,000 and ten months for those over \$10,000.

Question number two, as to whether the present law meets the needs as they exist in each state was answered by thirty-nine states, thirty of whom replied in the affirmative and nine in the negative.

Answering the question as to whether they would advocate any change in the existing laws, twenty-six replies were in the negative and thirteen in the affirmative. In this connection, it is noteworthy that four commented upon the federal

statute and advocated that some provision be made in it by which an executor may know within the period for closing the estate whether there is to be any additional assessment for federal estate tax, and stated that the federal law should permit the closing of an estate and the release of the executor from all liability for federal estate tax upon giving sufficient notice to the internal revenue collector of the intention to close the estate.

The new Committee on Research Work will begin an investigation in respect to building this feature into our present structure. It will be under the direction of L. H. Roseberry, vice-president Security Trust & Savings Bank, Los Angeles, Calif., and Mr. Roseberry's signal success in this work for his own state organization assures the preparation and dissemination of information which will be of large usefulness to our members.

The Committee on Staff Relations, appointed in May of last year, commenced its work by the issuance of a questionnaire which related very closely to matters affecting the personnel of trust companies in general. The response has been very gratifying—650 answers having been received. Many letters accompanied the answers, asking for specific information on certain points and assistance in solving personnel problems. In a number of answers the opinion was frankly expressed that whilst the Banker felt the

need of better training and closer supervision of employees he was in doubt as to the best methods to pursue to attain this end.

A summary of the replies to the questionnaire showed the following points of most outstanding interest:

78 per cent. had no personnel department or any one specially trained in the selection of new employees.

77 per cent. had given no thought to the employment of young men with college education.

59 per cent. had no methods of studying their staff by which an employee might be used in a position for which he was best fitted.

47 per cent. had used no special care in selecting men of the highest adaptability for meeting customers at the counters and tellers' windows.

The fact that 82 per cent. of the trust companies answering the questionnaire felt that customers generally were expecting much more in the way of service than in previous years would seem to show from a reading of the figures above that trust companies, to a very great extent, are not preparing and training their employees to fill the increasing demands of their clients.

This committee feels very much encouraged over both the quality and number of the replies received as they betoken interest in the work it has undertaken, beyond its expectations.

Dissemination of Basic Facts

MY CONVICTION that the American Bankers Association is a productive field of material that should properly find its way into the channels of public information through publicity in the daily and periodical press of the country has been amply borne out by the experience of the past year," said Francis H. Sisson, chairman in reporting the work of the Public Relations Commission. "Both the magazines and the newspapers have printed a large volume of facts and discussions emanating from various sources within the Association which I sincerely feel have been of benefit to public thinking on the many social, business and financial problems confronting the country today.

"It is true that from many sources hostile to the fundamental elements of business life represented in the American Bankers Association, there is continually pouring forth a flood of propaganda, at times radical in nature, at other times merely ignorant, and still again, representing honest conceptions, but divergent from the best body of business thought. Much of this material finds its way into print. I feel that it is a function of the Association to combat the harmful effects of such material as far as possible. But I do not feel that the most effective way to do this is through issuance of counter

controversial propaganda. I do feel that the more effective offset is rather in the dissemination of basic facts that speak for themselves and through the discussion of the problems of the day from public rostrums by the responsible and respected officers and members of the Association.

"As a means of obtaining the maximum of publicity value from such addresses, the present secretary of the Public Relations Commission is developing a system whereby there shall be released to the press of the country in advance such parts of public speeches by members of the Association at various state bankers' conventions and other occasions where they are invited to speak as have general public interest and news value. It is considered most important to develop this phase of the work, since an address at a public function is recognized in all newspaper offices as legitimate news, whereas a mere statement unattached to any public function is scrutinized with skeptical eyes as having a self-serving purpose rather than true news value."

Referring to the series of advertisements for banks, prepared by the Financial Advertisers Association for the Public Relations Commission, Mr. Sisson said that as a result solely of an announcement in the Journal 250 requests have been received for the series.

"The reception of this pamphlet," he continued, "on the part of those whose requests have been filled has been gratifying. The general tenor of the acknowledgments is to the effect that the subject matter contained in the pamphlet will be of distinct help to the receiving bank in developing its advertising. One bank member wrote: 'The booklet will be of great service to us in the preparation of our advertising copy. It makes it possible for us to go to the booklet and select an ad. that will prove of value at times when other requirements upon our time make it impossible to give our advertising the attention it should have. Your advertising service should be greatly appreciated by all member banks whether they have advertising specialists hired, or whether they write the copy themselves.' Another wrote: 'The pamphlet on advertising which you sent us was certainly just what we were looking for. You may be sure that it is very much appreciated.'"

"Similar communications were received from many others. The Commission feels that it was able by this means to render a distinct service to many members of the Association."

Gurden Edwards, for several years with the National Bank of Commerce, has succeeded Geo. B. Walker as secretary of the Public Relations Commission.



SAVINGS BANK DIVISION



THE government savings system, school savings banking methods, industrial savings plans, banking status of building and loan associations, deposit guaranty funds, and investment policies of savings banks, were among the topics of larger or more immediate importance which were discussed at the Spring meeting of the Executive Committee of the Savings Bank Division of the American Bankers Association.

Those attending included the president, Raymond R. Frazier, president Washington Mutual Savings Bank of Seattle; the vice-president, Samuel H. Beach, president Rome Savings Bank, Rome, N. Y.; ex-president W. A. Sadd, president Chattanooga Savings Bank; and the following members: Melvin A. Traylor, president First Trust and Savings Bank, Chicago; Louis Betz, treasurer State Savings Bank, St. Paul; C. H. Deppe, vice-president Union Savings Bank and Trust Company, Cincinnati; John W. B. Brand, treasurer Springfield Institution for Savings, Springfield, Mass.; Samuel M. Hawley, president Bridgeport Savings Bank; George E. Brock, president Home Savings Bank, Boston; Alvin P. Howard, vice-president Hibernia Bank and Trust Company, New Orleans.

The only absentees were W. D. Long-year, vice-president Security Trust and Savings Bank, Los Angeles, who sent regrets on account of illness, and John J. Pulleyn, president Emigrant Industrial Savings Bank, New York.

Official Addresses

The work of the Division since the annual convention was reviewed by President Frazier, after which Thomas B. McAdams, President of the American Bankers Association, spoke on various subjects in which the Division and the Association had a very common interest including the project to expand the United States postal savings system, the building association subsidy by the federal government and the enlarged service to member banks which the Association is now able to render.

The responsibility of bankers for educational work among children was outlined by John H. Puelicher of Milwaukee, Vice-President of the American Bankers Association.

The objects and work of the National Association of Mutual Savings Banks which held its annual convention during the previous week was outlined by its president, Mr. Brock, a member of this Division's executive committee.

Savings Bank Facilities

Chairman Hawley reported for the committee on facilities and service that recommendations for the operation of home service departments were being prepared but that no special form of family

budget book would be recommended at this time. The wider use of payroll checks was suggested and favorable action was taken on the committee's recommendation to approve the movement to legalize and promote the establishment by institutions for savings of branches in the city where the parent institution is located.

School Savings Banking System

A tentative plan for an official A. B. A. school savings banking system was presented by Chairman Howard of the committee on savings. Being a report of progress, the committee was requested to continue its studies with a view to a final report at the annual meeting next October.

The committee on savings reported unanimously in favor of the passbook system and a transfer to regular accounts after \$1 had been accumulated in the school folder. No definite forms for handling the school accounts by the teachers or higher grade pupils had been formulated.

Industrial Savings System

Chairman Howard of the committee on savings also reported in favor of an industrial savings system operated on the usual plan of payroll deduction upon standing order from the employee. These recommendations will be made more definite before the annual meeting in October.

Deposit Guaranty Funds

A summary of the various plans and their results for insuring depositors against loss by means of a guaranty fund either compulsory or otherwise, was included in a report from Thomas F. Wallace, chairman of the Division's committee on state legislation and treasurer of the Farmers and Mechanics Savings Bank of Minneapolis. The committee will continue to study the subject as recent events may lead to a demand for such guaranty for the principal benefit of savings depositors. The final report by the committee will be printed for distribution in October.

The committee also outlined important items of savings bank legislation enacted during the present season.

Loan Association Subsidy

The whole question of Federal legislation to encourage through tax subsidy particular types of state chartered associations doing a savings bank business was discussed in detail following a report by Mr. Deppe as chairman of the Division's committee on federal legislation. The effort of building and loan associations in certain states to conduct a savings bank business on a demand basis

without providing the usual safeguards of cash reserve or liquid investments was again condemned as contrary to the interests of savings depositors and the public generally. As practiced it may amount to unsound inference if not actual misrepresentation.

Government Savings System

The plans of the treasury and post office departments to organize a "government savings system" were examined in detail and the committee condemned both the underlying principles and especially the insinuating phraseology of the advertisements in the experimental campaign now in progress in the cities of Seattle, Omaha, South Bend and Newark.

Special emphasis was placed upon the apparent lack of any public need or demand for larger activity of the government as savings banker.

Mr. Deppe's report also noted that the Division's movement to abolish tax exemption of securities has culminated in a pending amendment to the United States Constitution. It also made favorable reference to the adoption of a so-called budget system for the Federal government, but indicated the limited results which that system assured and urged the creation of public sentiment against all federal grants which are not based on absolute necessity.

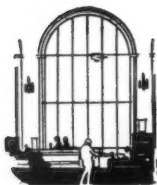
It also urged a greater coordination between legislative committees of the divisions with the similar committees of the American Bankers Association.

Business Changes

J. A. Eves, a member of the Board of the Puget Sound Bank and Trust Company, has recently been promoted from vice-president to president of the Todd Dry Dock and Construction Corporation of Tacoma, \$7,000,000 corporation. At present the Todd Corporation has under construction three schooners for the government, each costing about a million and a half dollars.

The Board of Directors of the Chicago Morris Plan Bank have elected John S. Miller, Jr., a director to succeed his father, who died recently.

Capt. James Dinkins has been elected chairman of the board of the Jefferson Trust and Savings Bank of Gretna, Louisiana. The other officers of the bank are: James R. Meyers, president; Dr. Charles F. Gelbke, vice-president; J. C. Ellis, vice-president; W. R. Boggs, cashier; Miss K. Council, assistant cashier and manager of the Kenner Branch; W. H. Sexton, assistant cashier and manager of the Westwego branch; Ben P. Dauenhauer, assistant cashier in main office.



NATIONAL BANK DIVISION



THE first half of this year has produced more vital legislation affecting national banks than in many years said John G. Lonsdale of St. Louis, President of the National Bank Division. "At the time of writing this report, the perpetual charter bill has been reported out in both the House and Senate.

"Many associational influences cooperated in having placed in the Revenue Bill a provision permitting banks to deduct from their income tax the sums paid in state, county and municipal taxes.

"Many other bills affecting national banks have been given attention. The views of not only the officers and members of the National Bank Division, but of the Association were gathered for transmission to the proper committees of Congress."

"When the Administrative Committee of the Association met in Washington in December, there was presented an appeal for liberalization of the National Bank Act wherein it prescribed the loans that may be made upon real estate. The question was referred to the National Bank Division for a report.

"In order to ascertain the general attitude of the National Bank members, letters were sent to members of our executive committee, state vice-presidents and others. Judging from the replies received, the opinion seems to prevail that if one thing was learned during the period of financial readjustment it was that national banks should keep their assets as liquid as possible.

"Out of 25 replies on the major question of liberalizing the real estate loan power of national banks, there were 22 negative and 3 favorable replies. One of the most significant letters was written from Duncan, Okla., the heart of the great landed area of the country. The President of the First National Bank of that city says:

"At a meeting of our country bankers association, with six national banks represented, they were unanimous in their opinion that no change should be made in the present law regarding real estate loans."

"The growing use of our Washington office, not only by members of the division, but of the entire association membership, is a tribute to its worth. Commissions of all kinds and from everywhere are being cared for in an effective manner by our deputy manager, whose willingness to serve is a big factor in the increasing importance of the office.

"Contact between the National Bank Division, the Federal Reserve Board, the Comptroller of the Currency and the Treasury Department, long established, is being augmented under most favorable conditions and to the extreme benefit of member banks.

"More extended relationships with other governmental departments are also being made. Our membership has recently been told of the relations established between the Department of Commerce with a view to extending to American Bankers Association banks the advantages of its research in the matter of foreign business. Similar connections are being cultivated with the Department of Interior for the purpose of giving members, especially western ones, information of more value to the customers, perhaps than to the bank, but of an extremely pertinent nature.

"The Washington office has served as a



HENRY P. DAVISON

Internationally known banker, member of the banking house of J. P. Morgan & Co. of New York, who died at his home on May 6, while undergoing an operation for removal of a tumor of the brain.

greater center for associational activities, especially since the Administrative Committee met at the Capitol last December. No member of the association should overlook the importance of this meeting. It was a master stroke when the leaders of the American Bankers Association came to Washington and, paraphrasing the saying of a certain general, said, 'President Harding, we are here, not to secure anything for banks or bankers, but to help the nation.'

Right there the bankers of this country stepped out from behind the scenes and into their proper place. They told the government and the people that it

was an unselfish visit and proved it by the helpful suggestions given in one conference after another with Washington departments that week.

"When the banker learns to cast off mere modesty and assumes the place of leadership in national affairs, along with all business men, for which his experiences so eminently qualify him, he will have reached the pinnacle of his usefulness to mankind."

Business Changes

Daniel E. Pomeroy, who has been connected with the Bankers Trust Company of New York as an officer since its organization in 1903, has resigned as vice-president in order to devote his time to his other interests.

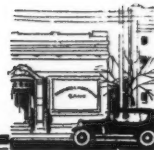
The Chatham and Phenix National Bank announces the purchase of the Grand Street branch of the Guaranty Trust Company of New York, located at 268 Grand Street. The business purchased will be merged with the important branch of the Chatham and Phenix National Bank, less than a block distant, at the corner of Grand Street and the Bowery. The Grand Street branch of the Guaranty Trust Company was established during the war. This branch served the double purpose of relieving congestion at the other offices of the company, as well as providing convenient facilities for the large number of purchasers of foreign moneys located on the East Side. With the passing of that demand this purpose was no longer served and the desire of the Guaranty Trust Company to concentrate its up-town banking activities in its branches at Fifth Avenue and 44th Street and at Madison Avenue and 60th Street induced the sale.

Benjamin Joy, vice-president of the Bankers Trust Co., has been transferred to Paris as the senior officer of the company's Paris office at 3 and 5 Place Vendôme and that Vice-President F. N. B. Close, who has been senior officer there for a year, returns to the New York office.

Henry J. Cochran, who was vice-president of the Astor Trust Company from 1912 until it was merged with the Bankers Trust Company in 1917 and who since that time has been senior vice-president of the Bankers Trust Company at its Fifth Avenue office, goes to the Wall Street office.



STATE BANK DIVISION



THE State Bank Division of the American Bankers Association has a voting membership of about 12,000. A majority of its members are located in rural communities, where problems of agriculture are paramount. Naturally the spirit of the goddess Ceres inspired the meeting of the Division Executive Committee at White Sulphur Springs, W. Va., Wednesday, May 10, 1922. The members of the Executive Committee present were Messrs. Phillips, Hecht, Holderness and McPherrin. Chairman John D. Phillips presided.

Farm Finance

The Special Committee on Farm Finance, of which Mr. Phillips is chairman, submitted the following report, which was approved:

Recognizing the long-established fact that agriculture is a basic industry and that before the general business of this country can be restored to a prosperous condition the American farmer must be prosperous, and believing that no class of men suffered more and are still suffering from the depression that followed in the wake of the war, unless it is the laborer without a job, without money and without credit, we therefore pledge ourselves, as American bankers, to use all sane, sound and substantial means within our power not only to finance his commercial and investment needs, but to bring about a condition that will enable him to sell his products, the prices of which have been ruinously low for the past two years, for a consideration that will be reasonably profitable.

After due consideration, we believe the Federal Farm Loan System to be of great benefit to the American farmer and recommend the development of the joint stock land banks and the Federal land banks whereby the farmers may be able to secure the proper amount of long-term land credit for their fixed investments.

We further recommend that the state and national laws be so amended that incorporated banks may be permitted to invest in the stock of joint stock land banks not to exceed 3 per cent. of their capital and surplus. The War Finance Corporation has and is serving a great need in this country and, in our opinion, should be extended for a period of one year.

Your committee met in Washington, D. C., April 12, 1922, at a hearing before the Banking and Currency Committee of the House and went on record, assuming that the War Finance Corporation was to be discontinued, as favoring an intermediary credit whereby the farmers and livestock men might be enabled to establish credit through their respective banks to enable them to market their products in an orderly way. The committee did not indorse any particular bill, but recognized in a general way the good features and

objectional features that all bills that have been presented seem to contain.

The committee differed as to the plan of securing the so-called intermediary credit, the chairman of the committee believing it should be handled in some way through the Federal reserve banking system and other members believing a separate organization should be established for this purpose. Therefore, all members of the committee that were present were unanimous in their opposition to placing it in the Federal land bank system for the reason that discount banking and investment banking should be entirely distinct.

Federal Reserve Membership

The following bill introduced in the United States Senate by Mr. Harris was read and discussed and its passage by Congress unanimously recommended:

The paragraph 9 of Section 9 of the Federal Reserve Act as amended is amended to read as follows:

"No applying bank shall be admitted to membership in a Federal reserve bank unless (a) it possesses a paid-up, unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated under the provisions of the National Bank Act, or (b) it possesses a paid-up, unimpaired capital of at least 60 per centum of the amount sufficient to entitle it to become a national banking association in the place where it is situated under the provisions of the National Bank Act and, under such rules and regulations as the Federal Reserve Board may prescribe, it sets aside annually in a fund an amount not less than 20 per centum of its net income for the preceding year and it increases its capital from such fund from time to time until it possesses a paid-up and unimpaired capital not less than the capital which would have been required if such bank had been admitted to membership under the provisions of subdivision (a) of this paragraph."

The Par Clearance Problem

Chairman Charles deB. Claiborne of the Committee on Exchange submitted the following report, which was duly received, and the committee commended for its earnest and conscientious work.

Considering judicial interpretation of the Federal Reserve Act thus far and the State Legislation adopted by eight states, we believe that the wisest solution of the matter at this time would be the adoption of the McFadden Bill as amended by your committee, which amendment is:

"Subject to such regulations as the Federal Reserve Board may prescribe, any Federal reserve bank may collect any check or draft by sending it direct to the bank on which it is drawn and may charge to the bank from which such check or draft was received, such exchange or remittance charge incurred in the collection of such check or draft—Provided, that nothing in this or any other section of this act shall be construed as prohibiting any bank from making reasonable charges, in no case to exceed 10 cents per \$1, or fraction thereof, based on the total of checks and drafts presented at any one time for collection or payment of checks and drafts and remission therefor by exchange or otherwise. That Section 16 of the Federal Reserve Act be amended to strike out the words 'at par' which occur in paragraph 14 of said section."

Which amendment is in substitution of lines 16 to 22, inclusive, of the McFadden bill which reads, "When a bank sends to the Federal

reserve bank for deposit or collection a check or draft indorsed by or originating with any other bank, the Federal reserve bank shall, subject to the regulations of the Federal Reserve Board, make an additional charge on account of such item at a rate not less than the rate of exchange charged the Federal reserve bank by such other bank when remitting for items drawn upon it."

Your committee has approved the suggested amendment because of the sincere belief that the McFadden Bill as proposed, owing to the extra penalty, would likely have one of the three following effects:

First: To force the bank to remit at par or submit to a penalty of the additional charge if items are collected by city correspondents.

Second: That city correspondents would be compelled to clear their out-of-town items through other channels than the Federal reserve bank or absorb the additional charge.

Third: To have the out-of-town bank establish its own collection department.

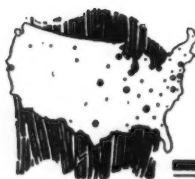
All of which is impractical at the moment and would have the effect only of further complicating and delaying the ultimate solution of this problem.

State and Federal Legislation

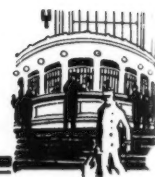
The Federal and State Legislative Committees of the State Bank Division have kept in close touch with the activities of the same committees of the Association and it is a pleasure to be able to report that they have been in full accord with the work of the Association committees and have had no occasion to avail themselves of their constitutional right to take independent action in any legislative matter affecting the State Bank Division.

Country Bank Advertising

One of the activities undertaken by the State Bank Division a year ago was the preparation of newspaper advertisements suitable for country banks and the work was delegated to the Public Service Committee of the Division. A detailed questionnaire was sent to state banks regarding their present facilities and future needs. Accompanying such questionnaire were several specimen advertisements, and the responses indicated that some system of advertising was desired by country bankers. Subsequent to the action of the State Bank Division at Los Angeles, the Public Relations Commission of the American Bankers Association prepared specimen advertisements designed for use by all classes of banking institutions. The Executive Committee of the State Bank Division, after consultation with the Public Relations Commission, decided that any duplication of effort should be avoided, and therefore voted to combine its work with the work of the Public Relations Commission upon the understanding that any plan of advertising provided should give due consideration to country banks.



CLEARING HOUSE SECTION



President Washburn's Report

JOHAN R. WASHBURN, President of the Clearing House Section, made the following report before the Executive Council, Wednesday morning: Following the annual meeting of the Section held in Los Angeles last October, the Executive Committee met and organized for the coming year, electing Francis Coates, Jr., Chairman. It was decided at this meeting that the activities of the Section for the year should be concentrated on the organization of new clearing house associations in the many smaller cities and towns throughout the country and also that special efforts be put forth to introduce the Examiner System to the members of the clearing house associations in our larger cities that are without it.

Our efforts so far have met with a large degree of success and since the Convention 29 active and 5 inactive clearing house associations have been organized and are now functioning to the satisfaction of the bankers in those cities, thereby increasing the total of clearing house associations which numbered 275 on October 1st, to 309, with many more to follow before the end of our fiscal year.

The introduction of the clearing house examiner idea, which is recommended by many of the foremost bankers of the country and which in the minds of the Committee is the best safeguard that has ever been thrown around the banking structure of any city, has met with unusual success. Since October 1st, six cities have installed this system, namely, Seattle, Boston, New Haven, La Crosse, Portland and Sioux City. At a recent meeting of the Detroit Clearing House Association at which every member bank was represented, the unanimous opinion was expressed favoring the installation of the Clearing House Examiner System and a committee was appointed to submit for consideration rules and regulations to cover such a system, also a committee was appointed to recommend possible candidates for the position of examiner.

The clearing house examiner idea is taking root fast in our larger cities that are without it, and we believe that the time is not far distant when the clearing house associations in every large city will recognize its merits and install a clearing house examiner. The officers of this Section feel that when its advantages are recognized by the bankers as a whole it will be a question of only a short time when it will become operative in the county clearing houses as well as city associations. With this accomplished, business methods and practices throughout the country will be made safer and better.

In addition to carrying on these major activities, the Section issues a bulletin monthly for the benefit of its members which has been valuable in introducing many new ideas as well as helping to

bring about a wider use of the Numerical System and the No Protest Symbol Plan, both of which have proved of immeasurable value to the members of the American Bankers Association.

The Condensed Financial Statement Form which was also advocated by the Section has met with much favor and is becoming more widely used every day

and is now recommended by the National Association of Credit Men and the American Institute of Accountants.

The Acceptance Committee of the American Bankers Association, which functions through the Clearing House Section, has cooperated most heartily with the American Acceptance Council in its campaign this year for a better understanding of the acceptance practice by the bankers.

The officers of the Section are pleased with the results obtained the first seven months of this year, which have exceeded any full year's report in the history of the Section. For the remainder of the fiscal year, we want to assure you that every effort possible will be made to increase the number of clearing house associations in this country as well as interest as many city and county clearing house associations in the examiner system, which we believe to be the most important work that this Section can undertake at this particular time.

The appropriation granted by the American Bankers Association to carry on the work of the Section during the year 1921-1922 was \$9,600. Up to and including April 1, 1922, the sum of \$5,456.59 has been expended, leaving a balance of \$4,143.41 to carry on the work until the close of the fiscal year, which we believe will be sufficient to meet our needs.

The officers and members of the Executive Committee of the Clearing House Section appreciate the hearty cooperation shown by the secretaries and deputy managers of the various sections and divisions, as well as the cooperation and whole-hearted support of Fred N. Shepherd, the Executive Manager.

New Clearing Houses

During the month of April, the following clearing houses were added to the list of those in operation: Brazil, Ind.; Kokomo, Ind.; Leavenworth, Kansas; Norwich, Conn.; Portsmouth, Ohio; Schenectady, N. Y.

Sioux City, Iowa

Population, 71,250

NUMBER OF BANKS IN CITY

National banks.....	5
State banks and trust companies.....	10
Savings banks.....	2
Private bankers.....	0

Total.....17

TOTAL BANKING FIGURES FOR CITY

Capital.....	\$2,900,000
Surplus.....	1,450,000
Deposits.....	32,342,000

(These figures taken from the latest reports available.)

The Clearing House Association of Sioux City, Iowa, is the latest city to adopt the clearing house system of examination. Just as soon as their rules and articles of association are revised, the examiner will take his office, which will be in the course of the next few weeks.

It is the hope of the members of the Executive Committee of this Section that many other cities will consider this system other than those that are contemplating the installation of an examiner, as the examiner system is the greatest safeguard that has ever been thrown around the banking structure of any city.

Correspondence Invited

If the members of the clearing house committee in any city desire to know—

The duties and requirements of a clearing house examiner—

How often should such examinations be made—

The primary purpose of clearing house examinations—

The results achieved by this system—

The cities where it is now in successful operation—

What would be the cost to the member banks of your city—

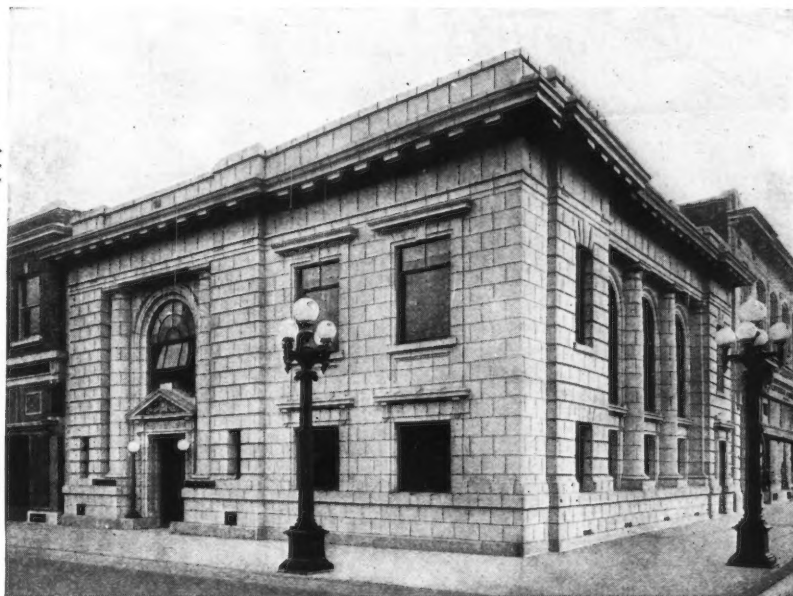
What the bankers think of the clearing house system of examination in those cities where it is in operation—

Why your city should have a clearing house examiner—

the Secretary, D. A. Mullen, will be glad to furnish any information regarding this subject in detail to any one writing to 5 Nassau Street, New York City.

FIRST NATIONAL BANK
WALLACE, IDAHO

C. Z. HUBBELL, Architect
Buff Unglazed Terra Cotta



In TERMS of INVESTMENT-----

EXPERIENCE has proved that a handsome bank building attracts new depositors. But its influence does not stop here. It encourages the erection of other handsome buildings; it raises land values; it elevates the community.

But as an advertising proposition alone a handsome bank building is a profitable investment. An attractive exterior stands out from adjoining structures—gives an impression of strength and security—imprints itself on the mind of the prospective depositor—inspires his confidence.

Look for a moment at the First National Bank, Wallace, Idaho, pictured above. Faced entirely with buff unglazed Terra Cotta it achieves

dignity and distinction. It's the sort of building in which the community takes pride—the kind that attracts new and desirable depositors. Maintenance cost for the facing of this bank is practically negligible, for Terra Cotta is unaffected by weather or time. Any accumulations of dirt can be easily washed off with soap and water. In addition Terra Cotta is fire-resistant to the utmost.

If you should be contemplating the erection of a new bank building—or perhaps merely an alteration of your present one—write and tell us about it. We can send you information which may save you time and money when you decide to build. Address **National Terra Cotta Society**, 19 West 44th St., New York, N.Y.

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Permanent

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Profitable

When writing to advertisers please mention the "Journal of the American Bankers Association."

Guarding Against Crop Failure

By JAMES E. CLARK

ALL bankers are familiar with the effects of crop failure; many bankers are familiar also with the growth of the crop insurance movement, thus far largely an attempt of insurance companies to extend their business on the one hand, and an investment on the part of the farmer to rid himself of a fear which ever attends his vocation; but if a resolution introduced in Congress by Representative Sinclair of North Dakota prevails, a joint commission of three Senators and five Representatives will make an investigation of the subject to determine the expediency of creating a government crop insurance bureau.

The idea of the government's engaging in any more business enterprises is repugnant to most business men, but the fact that there has been lost by crop failure on ten crops alone approximately from two to three billion dollars each year in the period between 1909 and 1919 may be regarded as ample justification for investigation of the causes, if not for considering ways to prevent loss.

Insurance by companies or government will encourage the individual farmer, and thus indirectly enable him to produce more and will improve his credit, but crop insurance, will not in itself prevent crop loss. Crop insurance if it became general would carry with it many things which would make for protection against failure, just as have life, accident and fire insurance extended knowledge and insisted upon precautions which help the insured and lessen the risk to the insurer.

The farmer can do much to insure himself against losses from all of the causes of crop failure—even from the weather. While he cannot prevent the recurrence of destructive storms he can do for the plants of the fields what medical science has done for the human plant. Many diseases which formerly scourged the human race have now practically passed into history because their causes were discovered and precautionary measures were adopted to prevent their de-

velopment. The farmer can and will, if his banker helps him to an understanding, as some bankers do, diversify so that failure of one crop may not mean a total loss for the season.

The farmer also can adjust his planting to a knowledge of the average weather condition in his locality as established by state or government records. To plant at a date which will bring the crop above the ground before the average date of the last killing frost may be regarded as inviting disaster, and familiarity with the average date of the first killing frost can not fail to be a spur to protection of the harvest.

There is insurance also in selection of seeds which the records show to be suitable to the locality and in planting tested seed instead of trusting to luck. There is crop insurance in eliminating such diseases as smut in wheat and barley by treating the seeds before planting, and by cutting out barberry bushes to prevent the appearance of black rust. Live stock insurance may be gained by similar methods.

The first attempt at general insurance for farm crops was made in 1917, when three companies offered crop insurance in the Dakotas and in Montana, but the results of these experiments were not satisfactory. During the last two years, however, large fire insurance companies have been writing crop insurance. They insure against loss by frost, winterkill, flood and draught and from insects or diseases specified in the policy. Loss from fire, hail, wind, failure of seeds to germinate or by the negligence of the farmer is not covered. Insurance against crop loss by hail is in a class by itself and has assumed large proportions.

V. N. Valgren, an agricultural economist for the U. S. Department of Agriculture, in a study of the subject gives three principles of crop insurance. (1) A uniform sum is fixed for each acre. (2) The insurance per acre is determined by the valuation of each operation from tillage to harvest

plus cost of seed and rental value. (3) The average yield per acre of the land in question for the last five years "coupled with the price of the product during the same year is made the basis for determining the amount of insurance."

"The ultimate form of crop insurance contract," says the same authority under date of January 23rd, 1922, "has in all probability not been devised," and he lists eight principles as fundamental to a sound plan:

1. The insurance must cover only such crop damage as will result in serious financial loss to the farmer.

2. It must cover hazards which are beyond the control of the farmer.

3. It must give no protection against loss from carelessness or neglect.

4. The cost of insurance must bear a reasonable relationship to the value of the protection it purchases.

5. The method of adjusting loss must be such that the insured will receive indemnity for crop damage in the amount or on the basis that he is led to expect from the figures indicating the amount of insurance per acre. The company should not profit by a calamity to the farmer in the form of reduced prices for his product.

6. An early adjustment should be provided for.

7. All adjustments involving only partial damage so far as possible, should be left until after the crop has been harvested and put into marketable form so that quantity and grade can be determined.

8. There must be a degree of understanding between the farmers and the company or agency offering the insurance if protection is to be available on truly favorable terms.

In some of the European countries farmers' organizations have applied the principle of collective purchasing to their insurance problems.

Shall the Banker or the Demagogue Lead?

By JOHN H. PUELICHER

WE are living in an age of propaganda. Many of us are hardly aware of its tendencies or of its magnitude. Most of this propaganda is founded on economic fallacy. Most of it is intended to arouse group against group. Most of it will benefit the people as much as the Non-Partisan League benefited North Dakota. An agricultural state, suffering from some abuses, became a fertile field for a movement that has resulted almost in its destruction. The North Dakota Non-Partisan movement is as similar to the Russian Bolshevik movement as can be two movements that concern themselves, one with the intelligent American, the other with the masses inhabiting benighted Russia. Looking at the North Dakota situation from the financial point of view, which is the point of view most familiar to the banker, before the Non-Partisan League obtained control, only four short years ago, North Dakota had a state debt of approximately \$400,000 and enough in the State Treasury to more than pay the amount. Four short years of misrule have brought North Dakota no benefits and have saddled it with a debt of over \$7,000,000, the annual interest charge of which is greater than the total debt before the coming of the Non-Partisan leaders.

* * * *

Some strikes may be founded on justice, this being a method certain groups make use of in asserting their rights. More of them are the result of the misleading by the agitator who exists only as the result of the development of class consciousness and class struggle. There is constant preaching that great success may be achieved by less labor and more agitation. The fundamental rule that, "only as we labor do we achieve," is entirely ignored, but the more palatable doctrine is advanced, "take if you can that for which another has labored." There has been scattered broadcast throughout the United States, a pamphlet, which is strikingly bold. It is entitled "The Right To Be Lazy." It was written by Paul La Fargue, a son-in-law of Karl Marx. It was originally published in France, where the workers

were enchanted by the easy economics of a man who urged them to rise "not to demand the right to work, which is but the right to misery, but to forge a brazen law forbidding any man to work more than three hours a day." Strange doctrine to the successful banker, who knows that his success has been the result of many long hours of

labor, or to the successful farmer, who knows that his duties are longer than the longest summer day, or to the successful professional man, who has regularly burned the midnight oil, or to the successful manufacturer, who has given his life to build the plant that is finding employment for the community; and yet the idea is taking hold.

Through the Financial storms of Ninety-Seven Years

The Chemical National Bank has moved steadily forward.

We have protected our customers in every business crisis, including two post-war periods of readjustment. The stability of the future still depends on conservative, constructive banking.

A Commercial Bank—performing every function of a bank.

Seeking New Business On Our Record

THE
CHEMICAL
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OF NEW YORK

Founded 1824

BROADWAY AND CHAMBERS, FACING CITY HALL

The Condition of Business

THE business condition at the opening of May 1 as reflected by bank and other creditable reviews contains much that is encouraging. Building operations are going forward the country over on a larger scale than a year ago. Iron trade is brisk, the steel mills are operating about 70 per cent. of capacity. The security market shows confidence in the future. Railroad earnings have improved and the purchase of railroad supplies reflects progress.

The spring has been cold but no great damage has been reported to crops. There will be an increase in this year's cotton crop and with the supply and the demand for wheat about equally balanced in the world as a whole the price outlook for the wheat grower should be fair. While the two great strikes—coal and the New England textile strike—continued the situation was quiet and cast no unexpected influence on the rest of the commercial world.

No Reaction from Genoa

The unexpected developments and obstacles to unanimity which attended the earlier stages of the Genoa Conference are apparently having no depressing influence here; even the foreign exchange market has not been sensitive to political developments.

"Economic analysis of present world affairs," says Dr. Benjamin M. Anderson, Economist of the Chase National Bank of New York, "sometimes presents an analogy to the pursuit of the pot of gold at the end of the rainbow. Prosperity in the United States is seen to be dependent upon prosperity in Europe. But the revival in France and Great Britain seems to wait for revival in Germany. Revival in Germany is then made dependent upon the restoration and exploitation of Russia.

"The writer believes that Europe's revival is necessary to prosperity in the United States; and that the demoralization of German finance, currency, and industry, and the unsettled state of the reparations question constitute the most serious obstacle, though not the only obstacle to early revival in Europe. He attaches importance to the restoration of Russia as facilitating German revival, but he does not believe that this is a factor of first magnitude. He believes that it is possible for Germany's position to improve very greatly without early change in Russia's affairs."

Gains in Basic Industries

"Business activity has been transferred to a new field. Important gains are shown in basic industries simultaneously with a disappointing spring retail trade in many parts of the country," says the Commerce Monthly. "The progress of the nation toward normal business has not stopped; operations have merely shifted to a new field."

"One of the most notable signs of the times is the announcement of the United

States Steel Corporation that it will proceed to build a \$15,000,000 tube mill at Gary. This rush in the iron and steel industry has developed mainly in the last month," says the National City Bank. "The big corporation showed a deficit of earnings after dividends on the preferred stock in the quarter ended March 31. It is evident that the danger of a shut-down in the industry resulting from the coal strike has stimulated orders. Exports of iron and steel are picking up and some notable victories for American producers have been won lately in Argentina and other foreign markets, in competition with British, Belgian and German makers."

The Gain in Volume

"This gain in volume can be better understood," the New England Letter reminds us, "when it is recalled that one steel producing plant is now between 40 per cent. and 50 per cent. larger than it was during the war."

Cotton and Wool

The New England Letter also reports that "the strong statistical position of raw cotton is becoming more noticeable as the season goes on, and the maintained price continues to be a feature of wide interest in manufacturing circles. Recent compilations show a visible supply in the world of 5,756,532 bales, a decrease from the preceding week of 80,992 bales, a decline of 850,076 bales from 1921 and of 424,087 from 1920. Total European stocks were 300,000 bales less than two years ago and about 75,000 bales less than a year ago."

The wool manufacturers and merchants are passing through troublous times but the settlement of the Chicago garment workers' strike, better conditions in other lines and an unexpected showing of strength of the foreign wool markets are encouraging signs. Moreover the statistical position of the American wool market is strong.

"Of paramount importance to the trade is the settlement of the tariff problem. Whatever tariff is enacted, it undoubtedly will carry high rates, so far as wool suitable for clothing purposes is concerned. Should no tariff be passed at the present session of Congress, the Emergency tariff will continue in force, and this law carries rates on wool higher than any rates proposed in the House or Senate bills."

Shoe and Leather Industry

"Importation of hides," it continues, "and skins during February amounted to 35,190,332 pounds, which was greater than January importations by 7,357,709 pounds, the sharpest increase for many months, undoubtedly due to some extent to the possibility of a tariff duty on imported hides." The production of shoes is below normal; 57 concerns reported no production for February.

Stocks and Bonds

"No development of the last week," says the *Annalist* of May 1, "stood out more prominently than the ready absorption of new bond offerings, totaling in all more than \$230,000,000, a record unsurpassed in any previous week this year. It would appear from this that the demand for prime investments is as yet far from reaching the saturation point and also that the cheapening of capital as measured by interest return is proving no deterrent to the investing public. The reverse of the picture of course is that the plentiful supply for funds for investment is an index to the lack of demand for funds in commercial channels. Possibly to some extent this plenitude of money is available for bond investment because frozen credits have been steadily released, but to a larger extent it is a testimonial to the richness of the country."

Other features of the month were the issue on April 15 of \$150,000,000 of Treasury certificates maturing in six months at 3½ per cent., the lowest rate since 1917; and the heavy trading on the stock market. During the first three weeks of April stock transactions reached a million shares a day and April 17 was a two-million share day, the first since April, 1920. Industrial stocks showed a rise of about 30 points from last August and railway stocks had an average gain of about 15 points from last year's low mark.

The Coal Strike

Public opinion often settles strikes. It is a forward step in the coal situation that the public is beginning to understand that one cause of trouble is that there are so many miners that work cannot be continued.

The National City Bank of New York says in its review:

"One remarkable fact about the situation is that with the possible exception of a year or two during the war there always has been a great surplus of labor in the industry, which shows that it has been constantly attracting more labor, despite the apparently unattractive conditions. This raises a presumption that the high pay while at work, coupled with numerous days of idleness constitutes the attractive feature, and really creates the 'problem'."

"The coal industry is on a false basis, and kept there by mistaken leadership, supported by mistaken sentiment."

"It is urged in some quarters that the mining industry should be taken over by the government, but if that was done, what policy should the government follow? Should it continue to divide up the limited amount of work for each, or should it organize the industry for efficient production, and compel one-third of the miners to find other work. If the latter is the remedy, the miners can apply it themselves, without the intervention of the government. Would they rather do it of their own choice or under the direction of the government?"

Growth of Luxuries

By HENRY DOUGLASS

The war and its wake of actual depression constituted a good smoke screen with which to deceive ourselves, but screening a condition does not remove that condition.

According to estimates of the Treasury Department as cited by EX-Commissioner of Education Claxton, the following sums were spent in 1920 by the American people for the items named.

Face powder, cosmetics, perfume, etc.	\$750,000,000
Soft drinks	350,000,000
Cigarettes	800,000,000
Cigars	510,000,000
Tobacco and snuff	800,000,000
Jewelry	500,000,000
Chewing gum	50,000,000
Ice cream	250,000,000

\$4,010,000,000

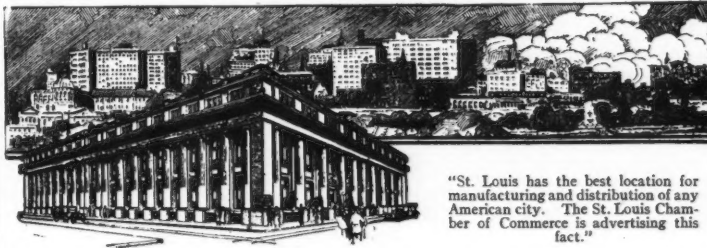
Is it not in order to inquire now whether or not the United States is building up too many industries of trivial merit, devoting too much time, capital, money power, brain power and coal and transportation to mere pleasure and amusement?

The resignation of a seat in the cabinet at a salary of \$12,500 a year—useful work—to engage in the moving picture industry at \$100,000 per year is suggestive of the predominating part which amusement plays in our national life.

The resignation of a Federal Judge at a salary of \$7,500 a year for a salary originally \$42,000 in baseball also is typical of the times, but a significant fact of both cases is that the whole world accepts these two transfers as a matter of course.

It is a matter of no small significance that among the long list of our industries and amusements the least necessary are among those in the forefront. Pleasure and recreation are necessary for the maintenance of health and sanity, but as there is a line of safety beyond which it is dangerous for the individual to give more of his time, thought and energy to mere pleasure, is there not also a similar line of safety for a group of individuals?

The mass drive is not wholly but in some part due to an effort of the individual to support his luxuries. Spending too much and pro-



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The Mercantile Trust Company is a financial pivot about which this tremendous manufacturing and commercial activity revolves.

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representation in the St. Louis district will find this organization the ideal contact point, through its nine specialized departments, adequate equipment and prompt service.

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Capital and Surplus \$10,000,000

ducing too little ought to produce national reactions corresponding to the reactions individuals experience as the result of similar policies. Recognition of this as one of the detrimental items of the present unsatisfactory times should be useful in locating one of the causes for the turning to drives upon the national legislature for special aid or distinctive privileges.

Legislative enactments seeking to set aside economic laws are futile and are in the nature of postponements.

The farm bloc, the labor bloc, the

soldiers' bonus, the railroad movement, all these are evidences likely to be revealed as attempts to override economic laws, which efforts we are prompted to undertake largely because we are pyramiding an artificial national life.

Greater participation in the affairs of the world means closer competition with people who can live on less than the average maintained in the United States. Already our standard of living is said to be eleven times higher than that of another great world power—and still we cannot make it!

Simplified Bank Budgets

By DALE GRAHAM

Mississippi Valley Trust Company, St. Louis

BANK directors and high executives should have something to say about how much their institutions spend. They quite frequently do — but after the money is gone. The purpose of an expense budget is to allow them to dictate the amount to be expended for various purposes, then charge department heads with staying within the appropriations.

Budgets are comparatively new in bank accounting systems, and are generally regarded as involving masses of figures and records, and the segregation of funds. But that is not necessarily the case. They may be very simple. They need consist of nothing more than intelligently prepared estimates of expenses, kept in the form of memoranda, and watched during the year, lest intended economies, like New Years' resolutions, be quickly forgotten.

The first questions which arise are: "What sized banks need expense budgets?" and "How comprehensive should the budget system be?" In the writer's opinion, any bank in which the power to authorize expenditures is vested in more than one person (especially if in

subordinate officers) should have some form of expense budget. How comprehensive it should be depends upon the size of the institution and the inclination of its officers. There is no need of budgeting expense items which are fixed in amount or beyond direct or daily control—such as rent, officers' salaries, light and heat, etc. For the average bank the items of advertising, employees' salaries, stationery, postage, furniture and equipment and general expenses are about all that need be taken into account.

The two cardinal points of the budget idea are to carefully estimate expenses with the view of reducing them, then to stay within the estimates. For both purposes there should be created an office carrying the title, or at least the duties, of comptroller. The individual should be a man of sound judgment and one familiar with the inside workings of the entire institution. He should be empowered to disapprove expenditures, subject to review only by the president, management committee or designated officer. Keeping in mind at all times the progress of the bank, he should make his the job of eliminating all avoidable expenses, even

if he becomes the official enemy of the entire personnel. He should have absolute control over the purchasing department and the classified expense ledger. All disbursement checks should be signed by him and all expense tickets should bear his O. K.

Shortly before the beginning of the fiscal year the comptroller should furnish department heads with classified statements of their expenditures during the previous months of the current year. These they should study very carefully, and then enter on the expense budget sheet (figure 1) their estimates of expenses for the ensuing year. Salaries should be carefully considered, deserved increases taken into account, inefficiency and lost motion detected, and the possibility of reducing forces discussed. The stationery supply should be investigated, all new forms planned and their costs approximated. Postage is comparatively easy to estimate, and the items of furniture and equipment should give little trouble. The general expense item probably deserves more study and certainly more watching.

When the department heads have finished their work, the estimates should be turned over to the comptroller, who should examine them very carefully, study possible economies which may have been overlooked, and, if possible, compare the totals of expense items with those of other banks in a relative way. Local banks frequently guard information of such a private nature somewhat closely, though many are glad to exchange helpful figures with their neighbors. Out-of-town correspondents are more often willing to cooperate in furnishing information regarding operation costs.

Having revised the estimates or satisfied himself as to their accuracy, the comptroller should recommend their approval to the president, management committee or whoever is given power to sanction such matters. This approval having been gained, the budget is ready to be put into operation.

A copy of each budget (figure 1) as approved should be held by the department head, the comptroller and the approving officer or body. Upon the comptroller should rest the responsibility for seeing that appropriations are not exceeded. To do this he should have posted into the classified departmental expense record (such as was described and illustrated in the article "Harnessing the Bank's Expenses" in the February number of the JOURNAL or its equivalent) memoranda pertaining to the monthly allowances for expense items covered by the budget. As postings are made, the bookkeeper should keep the comptroller advised of the amounts of various monthly appropriations remaining unspent. With this information at hand, the comptroller should O. K. or disapprove all expense tickets, and all requis-

(Continued on page 746)

EXPENSE BUDGET					
for year _____					
Department _____					
	Salaries	Stationery	Postage	Furniture, Equipment, Etc.	General
Total for Year					
January					
February					
March					
April					
May					
June					
July					
August					
September					
October					
November					
December					

Approved by Management Committee, _____ 19____

Secretary, _____

Fig. 1 Budget for Departmental Expenses

New Banks Organized

ALABAMA

Elberta—State Bank of Elberta. Capital, \$10,000. President, Herman Kochler; cashier, John C. Lehr.

ARKANSAS

Stuttgart—The Peoples National Bank. Capital \$50,000. President, Paul R. McCoy; cashier W. B. Pfeiffer.

CALIFORNIA

Dinuba—The National Bank of Dinuba. Capital \$50,000. President, C. R. Morton; cashier H. L. Andrews.

Hawthorne—Hawthorne State Bank. Capital, \$50,000.

Lakeside—Lakeside Commercial & Savings Bank. Capital, \$50,000.

Paso Robles—The Paso Robles National Bank. Capital \$50,000. President, J. V. Wachtel, Jr.; cashier, A. H. Birch.

Porterville—Pioneer Bank. Capital, \$500,000.

Redondo Beach—Farmers & Merchants Savings Bank. Capital \$50,000.

CONNECTICUT

East Hartford—East Hartford Trust Company. Capital, \$25,000.

Hartford—First State Bank. Capital, \$25,000.

Naugatuck—Naugatuck Bank & Trust Company. President, James E. Sweeney; secretary, A. D. Cross, Jr.

Unionville—Unionville Bank & Trust Company. Capital, \$25,000.

DISTRICT OF COLUMBIA

Washington—Brightwood Savings Bank. Capital, \$100,000.

Washington—Merchants Bank & Trust Company. President, Peter A. Drury; secretary, Wm. Henry White.

FLORIDA

Miami—Biscayne Trust Company. Capital, \$100,000. President, James H. Gilman; secretary, M. H. Hallam.

ILLINOIS

Chicago—Builders & Merchants State Bank. Capital, \$200,000. President, G. Hallborn.

INDIANA

Corydon—Old Capital Bank & Trust Company. Capital, \$100,000. President, Samuel J. Elsby; cashier, Arthur Richert.

Gary—Commercial Trust Company. Capital, \$100,000. President, John Brown; secretary, W. J. Glover, Jr.

Gary—Glen Park State Bank. Capital, \$25,000. President, W. D. Henry; cashier, C. W. Pratt.

Indianapolis—Sixteenth Street State Bank. President, Hugh McK. Landon; cashier, Evans Woollen, Jr.

Somerville—Somerville State Bank. Capital, \$25,000. President, Geo. Zipp; cashier, Jos. P. Carter.

South Bend—Indiana Trust Company. Capital, \$100,000.

South Bend—Franklin Savings Company. Capital, \$100,000.

KANSAS

Kansas City—Linwood State Bank. Capital, \$100,000. President, C. H. Price; cashier, L. O. Caswell.

Lake City—First State Bank. Capital, \$25,000.

Tribune—The First National Bank of Tribune. Capital \$25,000. President W. M. Glenn; cashier, Ward Lobdell.

KENTUCKY

Bedford—Oolitic State Bank. President, E. W. King; cashier, Frank F. Rariden.

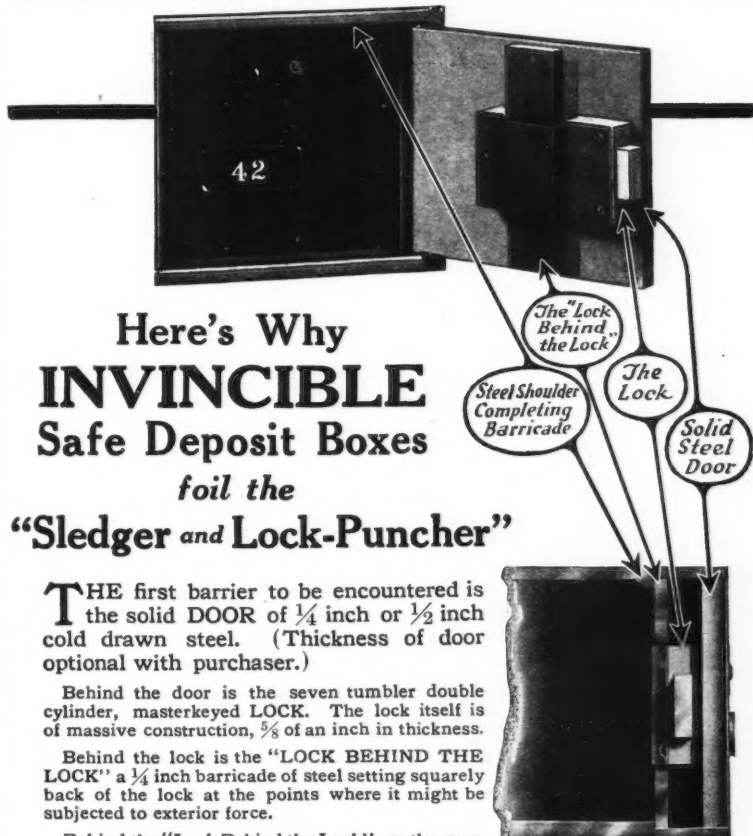
MICHIGAN

Detroit—Ford State Bank. President, Byron J. Oades; cashier, H. Lysle Johnson.

MINNESOTA

Dodge Center—Dodge Center State Bank. Capital, \$25,000. Cashier, W. I. Stevens.

Duluth—Duluth National Bank. Cap-



Here's Why INVINCIBLE Safe Deposit Boxes foil the "Sledger and Lock-Puncher"

THE first barrier to be encountered is the solid DOOR of $\frac{1}{4}$ inch or $\frac{1}{2}$ inch cold drawn steel. (Thickness of door optional with purchaser.)

Behind the door is the seven tumbler double cylinder, masterkeyed LOCK. The lock itself is of massive construction, $\frac{5}{8}$ of an inch in thickness.

Behind the lock is the "LOCK BEHIND THE LOCK" a $\frac{1}{4}$ inch barricade of steel setting squarely back of the lock at the points where it might be subjected to exterior force.

Behind the "Lock Behind the Lock" are the massive steel SHOULDERS or "offsets" at top and bottom of the box. In effect this construction gives the lock and door all the massiveness and strength of the full steel depth of the installation. Successful sledging and lock-punching are practically impossible.

INVINCIBLE Hinge Construction makes it impossible to remove doors by cutting or breaking the hinges. Here are factors of safety to be found only in INVINCIBLE Safety Deposit Boxes. Ask to have an INVINCIBLE representative show you or write for full descriptive literature.

"Add a Section
at a time"

Special Equipment
if Desired

INVINCIBLE METAL FURNITURE CO.
830 26th Street MANITOWOC, WISCONSIN

The "Lock Behind the Lock"



Used only on INVINCIBLE Boxes

ital, \$200,000. President, J. J. Eklund; cashier, F. G. Beamsley.

MISSOURI

St. Louis—Imperial Trust Company. Capital, \$500,000.

NEBRASKA

Beatrice—Beatrice Trust Company. Capital, \$100,000.

Winside—Farmers State Bank. Cashier, Nathan Chase.

NEW JERSEY

Lyndhurst—Lyndhurst Trust Company. Capital, \$100,000.

Newfield—The First National Bank. Capital, \$25,000. President, Richard W. Dyer; cashier, Alfred Chalmers.

Paterson—The Totowa National Bank. Capital, \$200,000. President, Walter R. Hudson; cashier, John T. Parmelee.

NEW YORK

Greene—The First National Bank. Capital, \$50,000. President, Courtney S. Bryant; cashier, Earl W. Camp.

Windham—The First National Bank. Capital, \$25,000. President, Sidney L. Ford.

NORTH CAROLINA

Burnville—Peoples Bank. Capital, \$25,000. President, A. G. Wilson; cashier, W. I. Purnell.

Charlotte—Turner Industrial Bank. Capital, \$300,000.

Gastonia—Third Trust Company. Capital, \$300,000.

Ronda—Bank of Ronda. Capital, \$50,000.

Wilmington—The Commercial National Bank. Capital, \$200,000. President, W. B. Cooper; cashier, H. C. Cooper.

NORTH DAKOTA

Medina—Guaranty State Bank. Capital, \$15,000.

OHIO

Cleveland—Farmers Bank of Cleveland. Capital, \$50,000.

OKLAHOMA

Ada—The Security National Bank. Capital, \$100,000. President, H. W. Wells; cashier, Leslie Prince.

Altus—Altus National Bank. Capital, \$50,000. President, J. R. McMahon; cashier, H. B. Bellenger.

Alva—The Central National Bank. Capital, \$50,000. President, W. D. Myers; cashier, M. W. Strawn.

Carter—The First National Bank. Capital, \$25,000. President, E. K. Thurmond; cashier, Alfred Chalmers.

Coyle—The First National Bank. Capital, \$25,000. President, M. E. Fruin; cashier, Nona M. Fruin.

Davis—The City National Bank. Capital, \$25,000. President, T. H. Slover; cashier, R. O. Richardson.

Dustin—First National Bank. Capital, \$25,000. President, W. R. Blake; cashier, W. N. Melton.

Fletcher—The First National Bank. Capital, \$25,000. President, E. W. Dilling; cashier, J. M. Weaver.

Granite—First National Bank in Granite. Capital, \$25,000. President, A. L. Thurmond; cashier, DeWitt Holden.

Guymon—The Texas County National Bank. Capital, \$25,000. President, I. M. Lightner; cashier, H. A. Salter.

Hastings—The Oklahoma National Bank. Capital, \$25,000. President, C. T. Abell; cashier, C. C. Stephens.

Kemp City—The First National Bank. Capital, \$25,000. President, G. W. Ellis; cashier, R. L. Reppert.

Ninnekah—The First National Bank. Capital, \$25,000. President, R. K. Wooten; cashier, J. C. Wade.

Norman—City National Bank in Norman. Capital, \$50,000. President, John W. Barbour; cashier, R. V. Downing.

Poteau—The Central National Bank. Capital, \$25,000. President, G. O. Nolley; cashier, Tom Nolley.

Shidler—The First National Bank. Capital, \$25,000. President, Charles F. Stuart; cashier, W. C. Cantrell.

Shidler—The Shidler National Bank. Capital, \$25,000. President, B. F. Mason; cashier, Fred H. Rock.

Tyrone—The Farmers National Bank. Capital, \$25,000. President, D. P. Metcalf; cashier, J. A. Metcalf.

Wheatland—The First National Bank. Capital, \$25,000. President, F. L. Horton; cashier, T. J. Hunker.

PENNSYLVANIA

Greencastle—Bank of Austrim. Capital, \$50,000.

Knox—Bank of Blaw-Knox. Capital, \$25,000.

Kutztown—Farmers Bank & Trust Company. President, C. W. Miller.

Nescopeck—The Nescopeck National Bank. Capital, \$25,000. President, Wilson Harter; cashier, Charles Tibbetts.

New Freedom—New Freedom State Bank. Capital, \$25,000.

Titusville—Commercial Bank & Trust Company.

Wilkes-Barre—Liberty State Bank. Capital, \$50,000.

York—North York State Bank. Capital, \$50,000. President, N. B. Dinedinst; secretary, Millard Wolfgang.

SOUTH CAROLINA

Anderson—Carolina National Bank. Capital, \$200,000. President, E. P. Vandiver; cashier, T. S. Banister.

Columbia—Merchants Bank. President, W. A. Coleman; cashier, W. H. Garlington.

Spartanburg—The Carolina National Bank. Capital, \$200,000. President, Wm. S. Glenn; cashier, J. Wirron Willson.

SOUTH DAKOTA

Bowdler—Security State Bank. Capital, \$25,000. President, A. C. Searle; cashier, K. J. Kundert.

TEXAS

Collinsville—Security State Bank. (Conversion of Collinsville National Bank.) Capital, \$25,000. President, W. J. McGaughey; cashier, J. B. Cobbler.

Golden—Guaranty State Bank. Capital, \$10,000.

Gunter—Guaranty State Bank. Capital, \$20,000. President, A. B. Firguin; cashier, O. T. Bant.

Kenedy—The First National Bank. Capital, \$50,000. President, E. P. Ruhmann; cashier, W. E. Ruckman.

Oakwood—Guaranty State Bank. Capital, \$25,000.

Olney—Farmers State Bank. Capital, \$30,000. President, Geo. H. Roach; cashier, M. D. Wilverton.



A school that costs \$300 a Minute

The great problem today—of merchant, of manufacturer, of publisher—is the problem of markets. Where is the market for my goods? Who will buy? What shall I say to them? How? Am I doing the best that can be done? Those who know—not guess, but know—the answers to such questions are fit to meet the selling problems of today. All others must either fail or struggle along with only a portion of the success they might easily enjoy.

There will be a great Forum—a great School of Experience—in session when business men gather for the

Eighteenth Annual Convention Associated Advertising Clubs of the World

Milwaukee, June 11 to 15, 1922

To attend this school, men will travel half way around the world, and thousands will come from every quarter of the United States and Canada; and the cost of the convention, in traveling expenses and other outgo of the delegates, will be at least \$300 a minute for every hour the convention is in session. And it will be worth it.

A great exhibit of foreign and domestic advertising in addition to the general sessions and the departmental meetings of the convention, will afford a rich harvest of practical ideas and helpful plans for those who want to improve their advertising and selling methods to meet the demand of the times.

Again this year, business men and women can attend these sessions without holding membership in the Association.

The central location of Milwaukee, its wonderful transportation facilities and the fact that June is Wisconsin's ideal month insure a very large attendance.

For full information as to special railroad rates, hotel reservations, etc., please address

Associated Advertising Clubs
110 West 40th St., New York, N. Y.



San Antonio—The Commercial National Bank. Capital, \$200,000. President, George B. Taliaferro; cashier, H. M. Raetz.

Wellington—City National Bank. Capital, \$100,000. President, J. C. Donaghy; cashier, Earl L. Koger.

UTAH

Salt Lake City—Central Trust Company. Capital, \$250,000.

VIRGINIA

Norfolk—The Continental National Bank. Capital, \$350,000. President, C. T. Abell; cashier, C. C. Stephens.

WASHINGTON

Enumclaw—The Enumclaw National Bank. Capital, \$50,000. President, B. R. Kibler; cashier, J. W. Davis.

Mount Vernon—The Skagit National Bank. Capital, \$50,000. President, Geo. D. McLean; cashier, Frank C. Pickering.

Odessa—The First National Bank in Odessa. Capital, \$40,000. President, G. W. Finney; cashier, A. M. Michaelson.

Seattle—The University National Bank. Capital, \$200,000. President, Harry B. Lear; cashier, A. W. Tenney.

Sprague—First National Bank in Sprague. Capital, \$30,000. President, A. L. Smalley; cashier, R. R. Jones.

Sunnyside—The Sunnyside National Bank. Capital, \$50,000. President, A. G. Fleming; cashier, E. J. Miller.

WISCONSIN

Drummond—State Bank of Drummond. Capital, \$15,000. President, F. H. Bartlett; cashier, Frank W. Clark.

Milwaukee—Central State Bank. Capital, \$100,000. President, W. P. Celiowski; cashier, H. A. Maurer.

Convention Calendar

DATE	ASSOCIATION	PLACE
May 12-13	New Jersey..	Atlantic City
May 15-20	U. S. Chamber of Commerce.	Washington, D. C.
May 16-17	Missouri.	Excelsior Springs
May 16-17-18	Maryland.....	Atlantic City, N. J.
May 17	Rhode Island.....	East Providence
May 17-18-19	Ohio.....	Cincinnati
May 17-18-19	Texas.....	Fort Worth
May 18-19	Kansas.....	Wichita
May 18-19-20	Alabama.....	Mobile
May 22-23	Reserve City..	Kansas City
May 23-24	Oklahoma.	Oklahoma City
May 24-25-26	Georgia.....	Atlanta
May 24-25-26	Pennsylvania...	Pittsburgh
May 24-27	California.....	Del Monte
June 5-6-7	Iowa.....	Davenport
June 6-7	Idaho.....	Hayden Lake, Cœur d'Alene
June 6-9	National Assn. Credit Men	Indianapolis, Ind.
June 7-8	South Dakota...	Aberdeen
June 9-10	Washington.....	Spokane
June 12-15	Michigan.....	On Board Steamer Noronic, Detroit to Marquette
June 13-14-15	South Carolina.....	Asheville, N. C.
June 15-16	North Dakota.....	Minot
June 16-17	Utah.....	Salt Lake City
June 15-16-17	Virginia.....	Hot Springs
June 17	Maine.....	Augusta
June 17-20	Wisconsin.....	Milwaukee
June 19-20-21	New York.....	Lake Placid

June 20-21	Minnesota.....	St. Paul
June 22-23	Colorado.....	Glenwood Springs
June 22-23	Illinois.....	St. Louis, Mo.
June 23-24	New England.....	New Castle, N. H.
July 17-20	American Institute of Banking	Portland, Ore.
July 17-20	Oregon.....	Portland
Aug. 18-19	Montana.....	Missoula
Aug. 23-24	Kentucky.....	West Baden
Sept. 7	Delaware.....	Rehoboth
Sept. 13-14	Indiana.....	Indianapolis
Sept. 22-23	New Mexico.....	Las Vegas
Sept. 26-27	Nebraska.....	Omaha
Oct. 2-6	American Bankers Asso...	New York City
Nov. 10-11	Arizona.....	Bisbee



CHOOSE KALAMAZOO LOOSE-LEAF DEVICES AND ACCOUNTING SYSTEMS BECAUSE-

The exact loose leaf device to meet any banking requirement can be selected from the widest line on the market. Various forms for general banking practice carried in stock; special forms supplied promptly. Write for "Time's Changes".

Ledger and General
Purpose Binders
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Lithographing
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Indexes

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KALAMAZOO
Better Accounting and
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KALAMAZOO
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DIGEST of LEGAL OPINIONS

of THOMAS B. PATON, General
Counsel American Bankers Association
Complete Edition 1921
By Thomas B. Paton, Jr.

A book of over 700 pages, containing 3,285
digested opinions, with legal citations,
covering a period from July, 1908, to date.

PRICE \$5.00

Send orders and make
remittances payable to

AMERICAN BANKERS ASSOCIATION
5 NASSAU STREET - NEW YORK

ADVERTISING BUDGET

for year _____

Department _____

	English Newspapers	Foreign Newspapers	Financial Journals, Etc.	Miscellaneous Publications	Direct by Mail	Outdoor and Street Car	Screens and Premiums	Total
Total for Year								
January								
February								
March								
April								
May								
June								
July								
August								
September								
October								
November								
December								

Total as above . . \$ _____ Approved by Management Committee _____ 19__

_____% of Publicity

Department Expense _____

Grand Total . . . _____

Secretary _____

Fig. 2 Departmental Advertising Budget

(Continued from page 742)
 tions for furniture, stationery, etc., before disbursements are made or purchase orders issued.

As long as a department stays within its appropriation the comptroller should interfere as little as possible. If one month's appropriation is not entirely used, it should be carried over by the expense bookkeeper and added to the next month's figures, and so on indefinitely until the close of the year. Also, if a deficit occurs during one month it may be subtracted from the next month's allowance. But if a deficit is not corrected by the end of the second month, the comptroller should investigate. He should have power to increase any appropriation by not over 5 per cent., if he thinks such action justified. Any additional allowances over 5 per cent., however, should be granted only by the original approving officer or body, after the department head has explained satisfactorily why it is impossible for him to keep expenses within the appropriations.

There is no expense which can be more successfully budgeted than advertising, or which needs it more. The daily operation of a bank must proceed regardless of budgets, but the advertising manager, when he uses all of his money, can stop—not without harmful effects, perhaps, but at least without disaster.

It should be decided in advance how much money is to be spent during the entire year, how much during each month for each department and in what media.

Figure 2 is a form of departmental budget for advertising, according to months and media. Figure 3 is a monthly summary of all advertising according to departments. The latter should balance with all of the departmental budgets combined. The whole should be checked by the comptroller against the advertising department's monthly statements.

New business department expenses may also be budgeted, practically on the same basis as any other department.

As has been previously stated, the principal value of a budget system is to allow executive approval of expenses before, not after, they occur, and to place responsibility upon department heads to "deliver" economy and efficiency. It is an effective means of reducing expenses, as it constantly keeps before those empowered to spend money the relation of their daily expenses to the appropriations granted at the beginning of the year, and the embarrassment to them if additional allowances must be requested.

Economies cannot be made at the first of January for the entire year; they must be practiced daily. Resolutions will accomplish little unless the possibility of carrying them out is clearly established. A budget system must be flexible or it will be short lived. But flexibility should not grow into facility. It is better to underestimate than to overestimate expenses. Additional appropriations may be granted, but overestimation might lead to extravagances arising out of a sense of duty to "balance the budget."

NOTE—A limited number of the forms herein illustrated are available for those desiring them by applying to the author of this article.

ADVERTISING BUDGET—SUMMARY

for year _____

	General Banking Department	Savings Department	Real Estate Department	Trust Department	Real Estate Department	Safe Deposit Department	Publicity Department Expense	Total
Total for Year								
January								
February								
March								
April								
May								
June								
July								
August								
September								
October								
November								
December								

Approved by Management Committee, _____ 19__

Secretary _____

Fig. 3 Summary of Advertising Budgets



WILLIAM TONKS

VICE-PRESIDENT, THE UNION TRUST COMPANY, CLEVELAND, OHIO
PRESIDENT, THE ROBERT MORRIS ASSOCIATES

Relative to complete certified audits, the message of The Robert Morris Associates is to the—

BUSINESS MAN: That honesty welcomes investigation, while reticence creates suspicion and precludes the helpfulness of experience.

BANKER: That you shirk your first responsibility, which is to your depositors and stockholders, when you loan their money without full investigation. You even do the borrower an injustice unless you have sufficient knowledge of his business to prevent or mitigate failure.

CERTIFIED ACCOUNTANT: That you have not earned your fee from the business man unless you have made it possible for him to save or make more money. That you have not earned the confidence of the banker unless your figures, comments and certification present a true and complete picture.

Published in the interest of better Business
BY ERNST & ERNST

William Tonks

Trusts and Trust Corporations

Suggestions for Speakers by the Committee on Public Education

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MANY people who give their utmost efforts to accumulating property—not for themselves, but for the comfort and protection of their families—neglect in all their calculations to provide the essential link which will insure the accomplishment of their objects. That link is the making of a will and the selection of somebody to carry out its provisions. Formerly individuals were appointed to act in such capacities, but in the evolution of society it became evident that individuals could not always be depended upon to act faithfully or intelligently, while complications were often caused by their moving away or dying before the fulfillment of their trust. Such conditions created a demand for corporations whose existence and location would be permanent, and under the management of men of integrity and proper training. The consequence was the organization of corporations known as “trust companies.” The various capacities in which trust companies ordinarily act are as (1) executors of wills, (2) administrators of intestate estates, (3) trustees under wills and deeds of trust, (4) guardians of minors, (5) conservators or committees of incompetents, (6) agents for individuals, (7) transfer agents and registrars for corporations, (8) fiscal agents for governments, municipalities and corporations, (9) trustees under mortgages, (10) assignees and receivers for firms and corporations, (11) guarantors of surety bonds and real estate titles. In states where state laws permit, national banks may exercise the functions of trustee, registrar, executor and administrator by permission of the Federal Reserve Board. In a number of states, state banks are also empowered to exercise fiduciary functions. The general public—husbands and wives and their children or other dependents—are most concerned with the functions performed by executors and administrators and trustees of personal estates.

Executors and Administrators

An executor is a person named in a will by a testator, to carry out, after the death of the testator, the directions for the disposal of his property as set forth by the terms of the will. When a person dies intestate, that is, without leaving a will, his property must be disposed of in accordance with the law, and to do this the probate court appoints someone to act. The one thus appointed is called “administrator.” The duties of executors and administrators are similar, viz., to settle the affairs of the deceased and distribute the property among the rightful heirs. Practically the only difference is that an executor has his course outlined in the terms of the will, while in the case of an administrator, there being no written instructions to carry out, he settles the affairs and makes a division of the property in accordance with the laws governing such matters. Following is a summary of the duties that executors under wills are requested to perform:

1. Probate the will.
2. Inventory the property.
3. Review all assets, liquidating those of doubtful character.
4. Advertise for the presentation of all claims and pay such as are just, in the order prescribed by law.
5. Collect claims due the deceased.
6. If there is a going business, manage it until such time as it can be liquidated or disposed of.
7. If the deceased was a partner in a firm, collect his partnership interest.
8. If he had a large or controlling interest in a corporation, give close attention to its affairs and, often through representation on its board of directors, control its management until the shares of stock are disposed of, either under the terms of the will, or general powers granted therein.
9. The executor must pay the inheritance taxes due to the Federal Government, those due to the state of the decedent's residence, and taxes due any other state in which the deceased left taxable property.
10. After the collection of all assets and the payment of all debts and taxes and the expenses of administration, the executor may distribute the residue to the persons entitled thereto under the will, and render his accounts to the court, which, after due notice to the interested

persons, will settle his accounts and discharge him as executor.

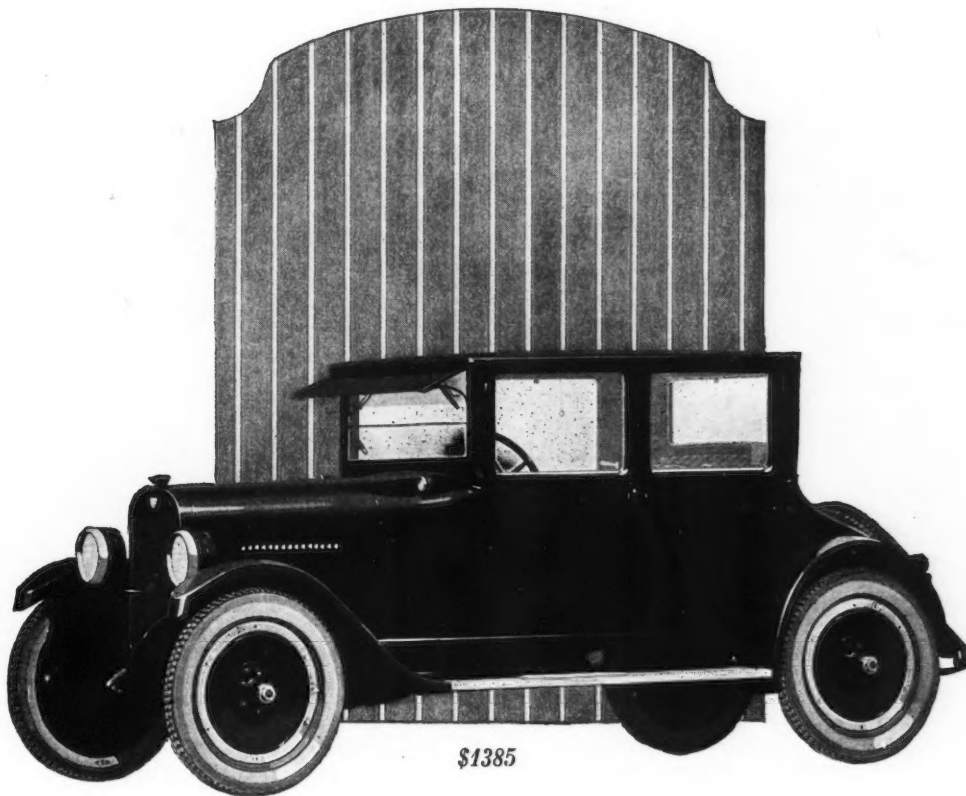
Executors are responsible for turning the proceeds of estates over to beneficiaries in the most advantageous condition.

Trustees and Their Duties

Any testator, instead of directing that the property be given outright to the heirs, may leave it in the form of a trust. That is, he may set aside certain sums or property to be held for the benefit of the person or persons named, to whom the income only shall be paid, or to whom the distribution of principal shall not be made until some specified future date, or until certain events shall have come to pass. In such a case someone is named in the will as trustee, and this person takes charge of the estate after the executor has completed his duties. The trustee's duties are, to care for the property, invest and reinvest the principal, collect the income and pay it over to the person or persons as directed in the will. The trustee is under the authority of the probate court, and must file at stated intervals a statement of assets and transactions. Trusteeships, however, are not confined to the affairs of the dead. Provisions may be made for creation of “voluntary” or living funds. Such are not unlike trusts created under wills—the great distinctions between them being: First, the time element—living trusts become effective immediately; second, the living creator of the trust may retain power to advise or control the trustee or to revoke the trust; third, the maker of the trust may benefit by it himself during his lifetime. A few of the representative objects accomplished by the creation of living trusts are as follows:

1. Income payable to a wife during her life.
2. Income payable to the creator of the trust for the benefit of children.
3. Income payable direct to children.
4. Income to be used for the education of an individual.
5. Income payable to the creator of the trust for his own benefit.

(Concluded on page 752)



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Before Irrigation—Arizona

Government Lands for Homes

By GEORGE R. WICKHAM

Assistant Commissioner of the General Land Office, Washington, D. C.

MIGRATING westward, following the close of the Revolutionary War, the early pioneer crossed the Allegheny Mountains into Ohio and other states east of the Mississippi River, where he entered the public lands and established a home for himself and family. When these lands became practically all appropriated, the next generation went further west and settled in Iowa, Kansas and the Middle West States, until those lands had passed from the control of the government into private ownership, and from raw prairie lands developed into highly improved farms.

The Homestead Laws

It was when these lands were no longer open to public land entry that the home seeker turned to the Far West, where lies the bulk of the remaining public lands, and where—by his efforts—he may reclaim the desert into profitable farms and homes. If the location sought is not adapted to the raising of agricultural crops, grazing of cattle will be found to be an important industry.

There are several laws under which lands of a non-mineral character may be entered, but most of the entries are made under the homestead laws. The general three-year homestead law allows 160 acres to be entered, and the entryman is required to live on the land

for three years; he is entitled, however, to a leave of absence of not exceeding five months each year. The entryman must cultivate at least one-sixteenth of the area of his entry beginning with the second year, and one-eighth of the area the third year, and until final proof is made.

The enlarged homestead law allows 320 acres to be entered, where the lands are arid land, and which have been designated as such by the Secretary of the Interior. The same rules as to residence and cultivation apply as in the ordinary homestead entry.

The stock-raising homestead act permits an entry of not exceeding 640 acres, the lands being first designated by the Secretary of the Interior as lands which, in his opinion, will not produce valuable crops, and are valuable for grazing of cattle or for the raising of forage crops for the use of such cattle. In lieu of cultivation the entryman must use the land in good faith for the grazing of cattle.

Ex-Service Men

Soldiers and sailors who served in the army or navy of the United States during time of war are privileged to use their military service as credit for residence, but regardless of the length of service one year's residence (less a five months' absence) is required. The entryman in such cases must have at least one-sixteenth of the area un-

der cultivation, at the time of making final proof. Also by joint resolution of Congress ex-service men are given a preference right of ninety days where lands, theretofore withdrawn from entry, are restored. The homestead law is the only one under which military service can be used to any advantage.

The Desert Land Law

This law permits entries of desert lands to be made not exceeding 320 acres, and the requirements are that within four years from date entry is allowed the entryman shall have reclaimed the land by conducting water thereon, that he shall have one-eighth of the land under actual cultivation and irrigation, and a water supply sufficient for all of the irrigable lands in the entry. In some instances an extension of time to do this reclamation may be procured. This law also requires, as evidence of good faith, that during the first, second and third years after date of entry the entryman shall cause to be expended for work tending toward the ultimate reclamation of the land, at least one dollar per acre per year, and file proofs of such expenditures in the Land Office.

Timber or Stone Law

This act is used principally in the acquisition of title to land whose chief value is in the timber or stone thereon. The land is appraised by

(Continued on page 752)



Nine inch squares of medium brown Armstrong's Cork Tile cover 4410 square feet of working space in the Bank of Detroit, Detroit, Michigan.

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After Irrigation—Arizona

(Continued from page 750)
the Field Service of the General Land Office, and there are no requirements as to residence or improvements.

Sometimes a small area of land may be found to be isolated from the remainder of the public land, as for instance a forty-acre tract entirely surrounded by patented lands. In such cases any person may petition the Land Department to sell such land at public auction, the minimum bid which will be accepted being \$1.25 per acre.

Surveys

The surveys of the public lands under the rectangular system are

under the direction of the Commissioner of the General Land Office. During the year 1921 there was surveyed 27,000 linear miles, or a total of 9,000,000 acres. Mineral surveys numbered 515. The rectangular system of surveys was initiated by the Continental Congress in 1785, and it has been continuously employed ever since in the survey of the national domain, which embraces nearly 3,000,000 square miles.

The General Land Office is ever willing to assist the public in acquiring government lands.

The public lands of the states, according to the latest official report, shows areas available as follows in the states named:

State	Area in acres		
	Surveyed	Unsurveyed	Total
Alabama.....	36,100		36,100
Arizona.....	7,794,746	8,414,680	16,209,426
Arkansas.....	264,157		264,157
California.....	14,942,192	3,941,350	18,883,542
Colorado.....	6,632,482	1,517,781	8,150,263
Florida.....	107,354	840	108,194
Idaho.....	5,752,856	2,853,445	8,606,301
Kansas.....	3,213		3,213
Louisiana.....	7,585		7,585
Michigan.....	72,246		72,246
Minnesota.....	255,006		255,006
Mississippi.....	32,031		32,031
Missouri.....	48		48
Montana.....	4,014,218	1,705,907	5,720,125
Nebraska.....	19,232		19,232
Nevada.....	30,542,318	22,200,393	52,742,711
N. Mexico.....	14,746,993	3,317,013	18,064,006
N. Dakota.....	91,297		91,297
Oklahoma.....	19,228		19,228
Oregon.....	13,079,735	704,716	13,784,451
S. Dakota.....	183,543	29,399	212,942
Utah.....	13,047,079	13,991,104	27,038,183
Washington.....	752,012	286,398	1,038,410
Wisconsin.....	4,920		4,920
Wyoming.....	16,834,455	1,531,420	18,365,875
Grand Total.	129,235,046	60,494,446	189,729,492

Trusts and Trust Corporations

(Continued from page 748)

6. Income payable regularly to a charity.
7. To provide for a marriage settlement.
8. To provide an income for intended husband or wife.
9. To provide income under a divorce decree or separation agreement.
10. To collect and dispose of life insurance.

Why a Trust Corporation?

The advantages of a trust company or bank as executor and trustee are (1) financial responsibility, (2) continued existence, (3) accumulated experience, and (4) financial judgment. Moreover, a corporate executor is not concerned in family disputes, and has no interests to serve except the execution of the plain directions in the will and the protection of the inter-

ests of the beneficiary. The appointment of a corporation does not mean the loss of personal interest which the maker of a will may desire in his family affairs. The corporation's officers can bring to those interested all the advantages that come from contact with an individual. The maker of the will can talk with these officers, explain his position to them, and place them in thorough sympathy with his ideas. He can bring them in touch with his family or with any of the beneficiaries of the will, so that his death may not cause his family the added difficulties of establishing connections with unknown agents. He may thus establish relations which, even when the executor's or trustee's duties have been discharged, may lead his beneficiaries, especially if

they are women, to seek the advice and counsel of the corporation in business matters for years to come.

Co-Executor and Co-Trustee

There are cases when it is advisable to join with the trust company in the administration of an estate some individual who has an intimate knowledge of the business or family conditions of the maker of the will. Such an individual may be his wife, or his attorney who has handled his personal affairs for years, or a younger managing partner, or a competent chief clerk of a business. This arrangement, when desired, can be effected through the naming in the will of the individual as a co-executor and co-trustee. The question is one for individual decision in each case.

Membership Changes

REPORTED FROM MARCH 26, 1922, TO APRIL 25, 1922, INCLUSIVE

There are frequent changes which come about through consolidations, mergers, liquidations and changes of title. The Executive Manager of the Association would appreciate receiving from members notice of any changes which occur, for the purpose of keeping the membership list correct and giving publicity through the columns of the JOURNAL.

Alabama.....	Montgomery.....	Capital National Bank merged with Alabama Bank & Trust Company.	New Mexico.....	Encino.....	Encino State Bank in hands of receiver.
Arkansas.....	Endora.....	Merchants & Planters Bank absorbed by Bank of Endora.	Las Cruces.....	Bowman Bank & Trust Company closed.	
California.....	Berkeley.....	Berkeley Bank of Savings & Trust Company and First National Bank consolidated with Mercantile Trust Company.	New York.....	Albany.....	Albany City Savings Bank changed to City Savings Bank of Albany.
Colorado.....	Ordway.....	Citizens State Bank closed.	New York.....	.....	Mercantile Trust Company merged with Seaboard National Bank.
Florida.....	Sheridan Lake.....	Security State Bank closed.	New York.....	.....	Second National Bank merged with and as National City Bank, 5th Avenue Branch.
Illinois.....	Jacksonville.....	Anderson & Company Bankers out of business.	North Carolina.....	Greensboro.....	Greensboro National Bank consolidated with American Exchange National Bank.
.....	Lake Worth.....	Peoples Bank out of business.	North Dakota.....	Bowman.....	State Bank of Bowman resumed.
.....	Chicago.....	Fort Dearborn National Bank taken over by Continental & Commercial National Bank.	Rhame.....	.....	Farmers State Bank in liquidation.
.....	Chicago.....	Fort Dearborn Trust & Savings Bank taken over by Continental & Commercial Trust & Savings Bank.	Ohio.....	Cincinnati.....	Citizens National Bank changed to Citizens National Bank & Trust Company.
.....	Harrisburg.....	Saline Trust & Savings Bank succeeded by First Trust & Savings Bank.	Sandusky.....	.....	American Banking & Trust Company merged with Commercial National Bank as Commercial Banking & Trust Company.
Iowa.....	Cherokee.....	Security National Bank resumed.	Oklahoma.....	Ardmore.....	State National Bank closed.
Kansas.....	Arkansas City.....	Traders State Bank closed.	Oklahoma City.....	.....	Wilkin-Hale State Bank in hands of State Banking Dept.
Louisiana.....	Leesville.....	West Louisiana Bank in liquidation.	Pennsylvania.....	Philadelphia.....	Bank of East Falls changed to East Falls Bank & Trust Company.
.....	New Orleans.....	American Bank & Trust Company and Liberty Bank & Trust Company merged as American-Liberty Bank & Trust Company.	Philadelphia.....	.....	George W. Kendrick 3rd and Company assigned.
Michigan.....	Detroit.....	First and Old Detroit National Bank changed to First National Bank in Detroit.	Philadelphia.....	.....	F. Wilson Prichett succeeded by Business Capital Corporation.
.....	Galien.....	G. A. Blakeslee & Company succeeded by Galien State Bank.	Wilkes-Barre.....	.....	Slavonic Deposit Bank changed to Pennsylvania Bank & Trust Company.
.....	Grand Rapids.....	City National Bank consolidated with Grand Rapids National City Bank as Grand Rapids National Bank.	South Carolina.....	Bowman.....	Peoples Bank in hands of receiver.
Mississippi.....	Sumner.....	Bank of Tallahatchie in liquidation.	Columbia.....	.....	Bank of Columbia, succeeded by Merchants Bank of Columbia.
Missouri.....	Kansas City.....	Midwest Reserve Trust Company absorbed by Commerce Trust Company.	Greenville.....	.....	American Bank changed to American Bank & Trust Company.
.....	Kansas City.....	Troost Avenue Bank succeeded by Linwood State Bank.	South Dakota.....	Tyndall.....	Citizens National Bank liquidated.
Montana.....	Browning.....	Stockmens State Bank in hands of receiver.	Valley Springs.....	.....	Farmers Security Bank changed to Security State Bank.
.....	Wilbaur.....	First State Bank merged with Wibaur County Bank.	Texas.....	Gorman.....	Farmers State Bank & Trust Company in hands of Banking Dept.
Nebraska.....	Homer.....	Homer State Bank closed.	Roby.....	.....	First National Bank merged with First State Bank.
.....	Lincoln.....	American Trust Company in liquidation.	Segrin.....	.....	Guaranty Loan & Trust Company out of business.
Nevada.....	Ogallala.....	Exchange Bank closed.	Washington.....	Seattle.....	Northwest Trust & State Bank taken over by Marine National Bank.
.....	Wells.....	Bank of Wells succeeded by Wells State Bank.	Wisconsin.....	Ashland.....	Farmers & Merchants Bank taken over by Northern National Bank.
New Jersey.....	Hackensack.....	Hackensack National Bank absorbed by Hackensack Trust Company.	Marshfield.....	.....	Marshfield State Bank merged with First National Bank.
.....	Montclair.....	Essex National Bank merged with Montclair Trust Company as Montclair Essex Trust Co.	Milwaukee.....	.....	Union Bank changed to Franklin State Bank.

New and Regained Members from March 26 to April 25, 1922, Inclusive

Alabama
Bank of Cuba, Cuba 61-281. (Regained.)

Arkansas
Planters Bank & Trust Co., Forrest City 81-143. (Regained.)
Crittenden County Bank & Trust Company, Marion 81-390. (Regained.)
Bank of Shirley, Shirley 81-433. (Regained.)

California
Southern Tr. & Commerce Bank, El Centro 90-884.
Southern Trust & Commerce Bank, La Jolla 90-621.
Bank of Italy, Live Oak 90-727.
Bank of Italy, Oroville 90-769.

Colorado
Union Deposit & Trust Co., Denver 23-51. (Regained.)
Goodrich State Bank, Goodrich 82-381. (Regained.)
First National Bank, Simla 82-405. (Regained.)

Florida
Holmes County Bank, Bonifay 63-219. (Regained.)
Citizens Bank of Bushnell, Bushnell 63-149. (Regained.)

Florida—Continued.
Fort White Bank, Fort White 63-331.
Citrus County Bank, Inverness 63-173.
Bank of Terra Cela, Terra Cela 63-221.
American State Bank, Zephyrhills 63-302. (Regained.)

Georgia
Bank of Kestler, Damascus P. O., Kestler 64-639.
Peoples Bank, Sardis 64-772. (Regained.)

Illinois
Dime Savings Bank, Carthage 70-597.
Farmers & Merchants Bank, Highland 70-544.
Farmers State Bank, Somonauk 70-1023. (Regained.)
Commercial State Bank, Windsor 70-1670. (Regained.)

Indiana
National Exchange Bank, Anderson 71-72. (Regained.)
Bank of Bloomingdale, Bloomingdale 71-684. (Regained.)
Peoples State Bank, Gary 71-2000.
American Trust Company, Kokomo 71-142.

Iowa
Farmers State Bank, Bancroft 72-1947. (Regained.)

Iowa—Continued
Farmers & Merchants Savings Bank, Boyer 72-1902. (Regained.)
Cresco Union Savings Bank, Cresco 72-328. (Regained.)
American Trust Co., Davenport 72-10.
Ely Savings Bank, Ely 72-1316. (Regained.)
Farmers Savings Bank, Fostoria 72-1900. (Regained.)
Bank of Hamburg, Hamburg 72-428. (Regained.)
Citizens' Bank, Lorimer 72-854. (Regained.)
Farmers Trust & Savings Bank, Marble Rock 72-1908. (Regained.)

Kansas
State Bank of Leon, Leon 83-913. (Regained.)
First National Bank, Oswego 83-1363.
Farmers National Bank, Phillipsburg 83-1196. (Regained.)
Piedmont State Bank, Piedmont 83-991.

Louisiana
Citizens Bank, Franklinton 84-343. (Regained.)
Exchange State Bank, Leesville.
Citizens Bank, Newellton 84-394.
Citizens Bank & Trust Co., Ruston 84-392.

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Michigan

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Wojcik Four Per Cent Savings Bank, Detroit 9-67.

First State & Savings Bank, Howell 74-332. (Regained.)

Minnesota

Farmers State Bank, Bellingham 75-1297. (Regained.)

First State Bank, Gaylord 75-472. (Regained.)

Mississippi

Greenwood Savings Bank, Greenwood 85-99.

Houston State Bank, Houston 85-495.

Maben Home Bank, Maben 85-335. (Regained.)

People's Bank & Trust Co., Nettleton 85-244.

Farmers Bank, Pittsboro 85-513.

Missouri

Holcomb Liberty Bank, Holcomb 80-1685. (Regained.)

Farmers Bank, Sampsel 80-1613. (Regained.)

Nebraska

Farmers State Bank, Bradish 76-1200.

Farmers State Bank, Silver Creek 76-976.

New Jersey

Hightstown Trust Co., Hightstown 55-518.

First National Bank, Newfield 55-534.

New Mexico

Santa Rosa State Bank, Santa Rosa 95-133. (Regained.)

New York

Banka Marmorosch, Blank & Co., 31-33 Broadway, New York 1-329.

Bohemia Czechoslovak Foreign Banking Corp., 1389 2d Ave., New York.

Sayona National Bank, Sayona 50-994. (Regained.)

Ramapo Trust Co., Spring Valley 50-1050.

North Carolina

Bank of Beaufort, Beaufort 66-183. (Regained.)

Snow Hill Banking & Trust Co., Snow Hill 66-438. (Regained.)

North Dakota

Peoples State Bank, Casselton 77-1016.

Farmers National Bank, Ellendale 77-87. (Regained.)

Martin State Bank, Martin 77-354. (Regained.)

Ohio

Citizens Trust & Savings Bank, Steelton Branch, Columbus 25-55.

Citizens Trust & Savings Bank, West Side Branch, Columbus 25-55.

First National Bank, Cumberland 56-1288. (Regained.)

First National Bank, Delaware 56-304.

Oklahoma

First State Bank, Avery 86-1033. (Regained.)

Farmers & Merchants Bank, Crescent 86-413. (Regained.)

City National Bank, Guymon 86-324. (Regained.)

Bank of Commerce, McLoud 86-510. (Regained.)

Capitol State Bank, Oklahoma 39-52. (Regained.)

Richland State Bank, Richland 86-981. (Regained.)

First State Bank, Seminole 86-570. (Regained.)

Oregon

Bank of Sherwood, Sherwood 96-222. (Regained.)

Pennsylvania

Citizens Bank, Albion 60-970. (Regained.)

Carnegie Trust Co., Carnegie 60-477.

First National Bank, Moscow 60-1260. (Regained.)

